POWER TRIPPED: CALIFORNIA'S ELECTRICITY DISASTER

REASON

Free Minds and Free Markets

June 2001

STILL FAB

Why we keep listening to the Beatles

By Charles Paul Freund

Q&A WITH LEGENDARY URBAN THEORIST JANE JACOBS

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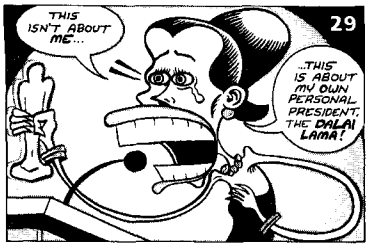
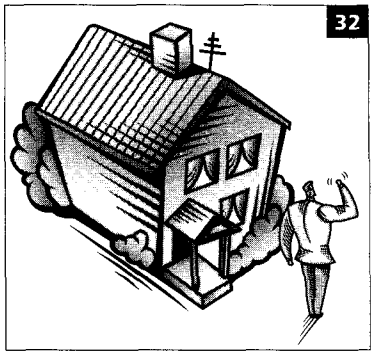
Free Minds and Free Markets

June 2001/Vol. 33 No. 2





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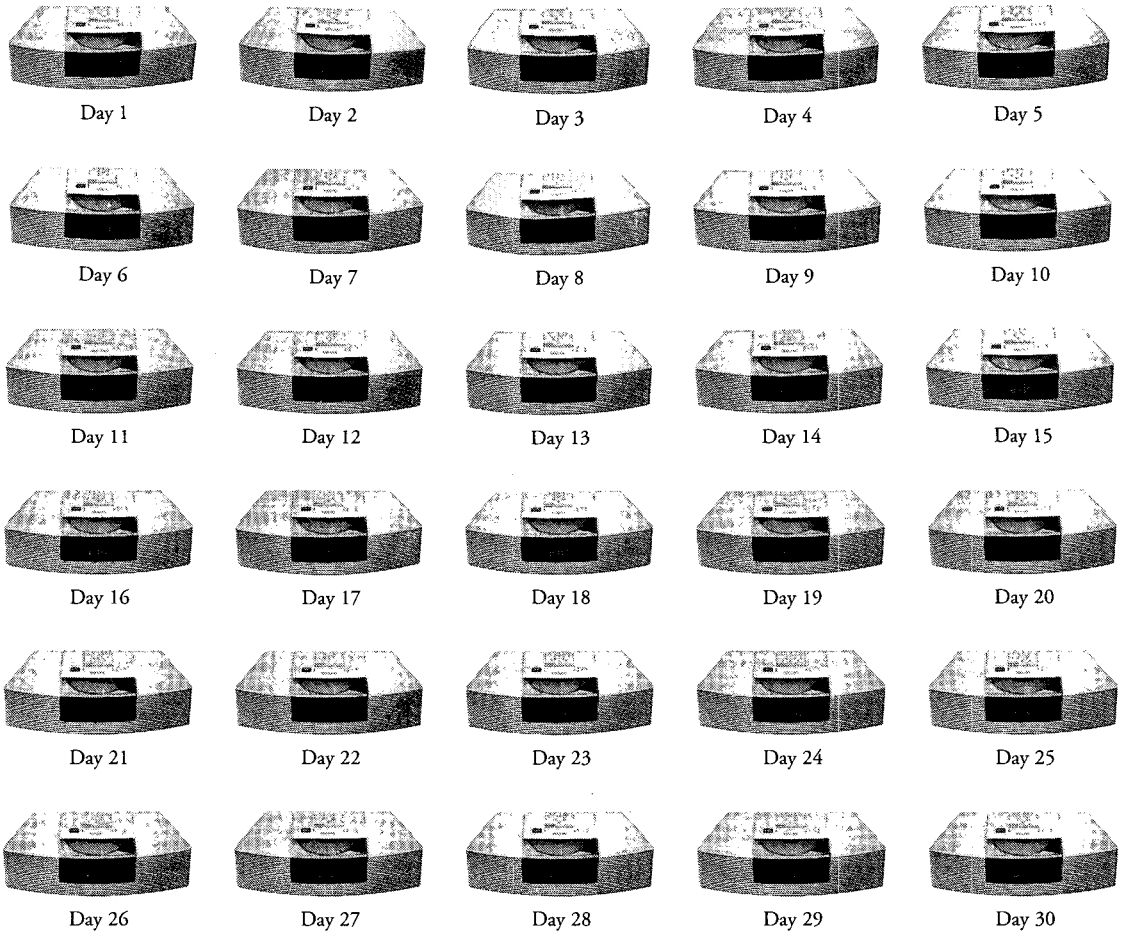

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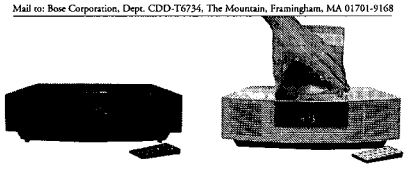

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Editor's Note

For months now, the big story coming out of California, that great American bellwether, has been the state's massively failed utility-restructuring scheme. For all the rolling blackouts and power outages so far, it seems likely that the worst is yet to come. "The real crunch," Gov. Gray Davis admitted recently, "will be in May and June and late April." As can be gleaned from the Golden State chief executive's inability to order the months correctly, the situation has discombobulated just about everybody involved.

REASON Washington Editor Michael W. Lynch and Reason Public Policy Institute Executive Director Adrian Moore explain in "Power Tripped" (see page 32) how early accounts of the electricity "deregulation" cast the situation as yet one more example of the folly of laissez-faire economics. "Capitalism is falling apart," crowed left-wing *Los Angeles Times* columnist Robert Scheer late last year, barely suppressing his glee. Somehow, goes this line of thinking, the same market forces that manage to pack grocery stores with all manner of food just can't get the job done when it comes to keeping the lights on.

Such critics have gotten it almost completely backward: California's electricity market hasn't been deregulated at all, but re-regulated in a particularly pernicious way. When the state restructured things in the mid-1990s, it fixed retail prices while allowing wholesale prices to approach something like true market value. Mix that economic lulu with a bunch of other mandated restrictions on the generation and sale of power and the only question left to ask is why it took so long for the lights to dim.

Here's some more electricity-related bad news for Californians: As Marc B. Haefele ("Suing for Relief," page 44) and Diane Katz and Henry Payne ("Electric Go-Karts," page 46) point out, California legislators have been busy trying to repeal the law of supply and demand with regard to electric cars too. Mandates for electric cars have been in effect for years, to little effect, either in terms of sales or clearing the air. The latest rulings coming out of the California Air Resources Board, which oversees efforts to reduce air pollution, are likely only to make matters worse, and maybe make all cars a bit more expensive.

And here's some bad news for the rest of us: Many states' electricity "deregulation" schemes are essentially the same as California's, and several states have adopted zero-emission vehicle programs based on California's. So it may only be a matter of time before the rest of us find ourselves faced with the same problems.

—Nick Gillespie

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This issue marks the debut of a monthly comic strip by **Peter Bagge**, who's been dubbed "the grandpappy of post-punk pop culture scribblings." (See "That's Entertainment!" on page 29.) Bagge is best known as the creator of the critically acclaimed and hugely popular *Hate Comics*, which chronicles the misadventures of the unforgettable Buddy Bradley. Set in Seattle, where the 43-year-old Bagge lives, and debuting in 1990, *Hate* quickly became an integral part of the same trendsetting scene that made the world safe for grunge, good coffee, and online retail. His work has appeared widely both in print and on the Web; check out www.peterbagge.com for full details. Bagge has witnessed the topic of this month's comic—Hollywood's often-asinine politics—up close and personal while discussing development deals with studio honchos. "The most annoying thing is the presumption of political agreement," says the libertarian Bagge. "Before a meeting can commence, everyone makes a show of Democratic partisan solidarity, even to the point of ripping into Ralph Nader for his sins against Al Gore."

"My favorite measure of the original Beatlemania involves *A Hard Day's Night*," recalls REASON Senior Editor **Charles Paul Freund**, the author of this month's cover story. (See "Still Fab" on page 56.) "I saw it in a huge old Washington movie palace that was jammed with girl fans. The house lights went down, their anticipation went up, and at the first screen image, they exploded into hysteria. That image was the United Artists corporate logo." Freund, who helped edit the *Washington Post*'s Outlook section before joining REASON in 1996, has long had an interest in the often-suppressed relationship between commerce and culture. "If the literary establishment can accept the fact that Romantic visionary poetry was built on commercial Gothic sludge," says Freund, "rock can deal with the fact that the Beatles were built on pop treacle."

Bill Steigerwald, who interviews legendary urban theorist Jane Jacobs on page 48, has called more than a few cities home over the years. He's done stints in Philadelphia, Cincinnati, and Los Angeles, where he worked for the *Los Angeles Times* for the better part of a decade. In 1989, he moved back to his hometown of Pittsburgh and a job at the *Post-Gazette*. Last June, he moved over to the Steel Town's other paper, the *Tribune-Review*, where he edits and writes a column. Interviewing the 84-year-old Jacobs capped a long appreciation for her work, says Steigerwald. Certainly her influence can be felt in "Death by Wrecking Ball," the story he wrote for the June 2000 issue of REASON that detailed a redevelopment plan preparing to run roughshod over a vibrant local community.

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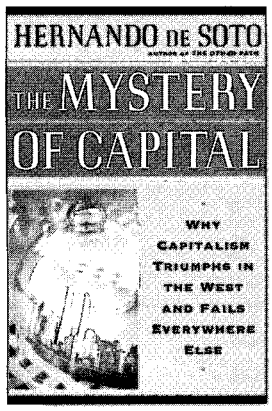

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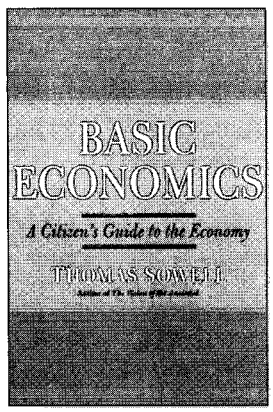

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Left to right: Daniel Klein, David Friedman, Laurence Iannaccone, Henry Demmert, and Fred Foldvary.

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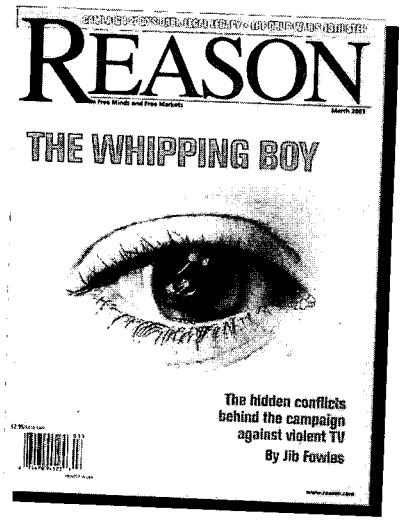

Negotiating *Traffic*

I agree wholeheartedly with Nick Gillespie's editorial on *Traffic* ("The Thirteenth Step," March) but would add one additional point. Most liberal-minded folks agree that the drug war has been a colossal failure. Nevertheless, these same people still think that "something" needs to be done about drugs. For liberals, this "something" is stepping up emphasis on treatment, instead of incarceration.

I regard *Traffic* as propaganda for this view. The viewer walks away from the theater with the impression that the only approach that "works" is treatment, especially 12-step programming, which was working for Michael Douglas' daughter in the film. Never mind the statistics showing that treatment doesn't have any better a track record than the criminal approach. Drug use or abuse is largely a self-contained problem. Most people outgrow it on their own, and are not harmed by using drugs, including "hard" drugs like meth, coke, LSD, and heroin. Meanwhile, forcing young people into abusive mind-control "treatment"—Alcoholics Anonymous, Narcotics Anonymous, etc.—will harm a lot of people.

Lloyd Gaarder
Sioux Falls, SD

If everybody involved in the drug war debate studied the history of drug use in the United States, they would quickly discover that there was never any valid reason to outlaw drugs in the first place.

No one was robbing, whoring, and murdering over drugs when addicts could buy all the heroin, cocaine, morphine, opium, and anything else they wanted cheaply and legally at the corner pharmacy. When drugs were legal, addicts held regular employment, raised decent families, and were indistinguishable from their teetotaler neighbors. Overdoses were virtually unheard of when addicts bought cheap, pure Bayer Heroin instead of the expensive toxic potions prohibition put on the streets. (See the Consumers Union *Report on Licit and Illicit Drugs* at www.druglibrary.org/schaffer/library/studies/cu/cumenu.htm.)

Drug crime was once unheard of. Now we have prisons overflowing with drug users. The addiction rate is five times greater than when we had no drug laws at all. These are the consequences of a lunatic drug prohibition policy, not drug use.

Once we clearly understand that our preposterous drug crusade causes all of our "drug problems," the wisdom of legalization becomes apparent. Whatever problems remain will be much easier to deal with than the chaos we have now.

Redford Givens
San Francisco, CA

While agreeing with Nick Gillespie's critical assessment of the drug war, I experienced a strong visceral reaction while reading it. He goes beyond defending the right to choose intoxication, to outright championing of the intoxicated state itself. He reveals himself as an apologist for stupefaction. I find this at odds with REASON's masthead, which promotes "free minds and free markets," not bad choices. I believe that we are called to a life of virtue and that the value of reason is to help sort through all the noise that inhibits virtuous decisions. If reasoned thinking does not have this practical application, then it is just so much mental masturbation.

Such thinking is not an easy endeavor, and it requires a disciplined commitment to intellectual awareness. As a child of the '60s, I have observed that substance-induced intoxication does not enhance one's mental acuity. In fact, it invariably dulls the senses, leading to a state of "comfortable numbness." As Roger Waters of Pink Floyd passionately pleads, "This is not how I am." Our basic being is obscured, not revealed, by intoxication. Further, connecting to reality in receding waves of awareness is the antithesis of reason. Maybe we can tolerate this mind-altered state in an editor-in-chief, but I doubt if anyone would encourage it in more critical citizens, such as doctors, airline pilots, judges, teachers, and parents.

Randy Hoffman
Seaford, VA

The public is so conditioned—even brainwashed—that it cannot distinguish the danger of a drug's illegality from the danger of a drug's pharmacology. This is the hand the film producer is dealt. If he wants to be taken seriously, he cannot deviate far from that center. Steven Soderberg took a small but necessary step toward educating the public and regaining sanity. Next year, maybe another step.

John Chase
Palm Harbor, FL

As a recovering addict, I am incapable of understanding Nick Gillespie's assertion that there is such a thing as recreational drug use. Most people in my position can never comprehend how a social drinker can have just one glass of wine—it just doesn't compute. But I do agree that the current approach to fighting drug use is misguided and largely unsuccessful. I do not support legalization, but rather a redirection of forces and resources.

Arguing from a utilitarian perspective, decriminalization still does not compute. Sure, most people who use recreational drugs don't become addicts who burden the state. But the occasional weekend toke on a joint or dose of Ecstasy at a rave has

consequences far beyond the brief escape from reality. The economic costs of drug use, including legal drugs like alcohol and tobacco, are staggering.

The Center for Addiction and Substance Abuse at Columbia University recently found that states spent more than $83 billion "shoveling up" the wreckage of substance abuse. Most of that sum was devoted to the criminal justice system, foster care, and social services (not including treatment). More than three-quarters of the average state's criminal justice spending and 25 percent of health spending was related to substance abuse. In Colorado, for example, 95 cents out of every dollar spent on substance abuse went toward cleaning up the mess, while just five cents was allocated to prevention and education.

I will grant that for many, drugs are fun and harmless. But a drugless society would be a better society. It may be more enjoyable to sit at home and get stoned or go to a bar to drink, but doing so means foregoing myriad opportunities for personal growth, public service, and community-building. I enjoy concerts and sporting events without ingesting mood-altering chemicals, and I can be productive the next day instead of nursing a hangover. The rewards I get from making my community a better place far outweigh any drug high.

We need to demonstrate that it is possible to enjoy a chemical-free life; there are alternatives to participating in a drug-based economy. But most importantly, Americans need to redirect our resources toward prevention and treatment or we will never win this war.

Mark C. Gribben
Lansing, MI

Please explain that the "public health" position of some misguided individuals is false. Typhoid, tuberculosis, polio, and other "communicable" diseases are public health concerns. Your neighbor sitting at home overindulging in pot—or alcohol or cheeseburgers, for that matter—is not. No one ever caught "addiction." Addiction is a choice. Taking drugs is a vice, not a crime or an illness. Drug use is a matter of private morals and social values of no concern to "public health" officials or any other therapeutic state moralizer.

Chris Buors
Winnipeg, Manitoba
Canada

2-D Violence

"The Whipping Boy" by Jib Fowles (March) illuminates the tendency of many Americans to pay lip service to the power of free markets. Television may promote violent behavior and various anti–TV violence groups may sincerely believe this, but rarely do these groups advocate that people stop watching TV. Instead, they want more government regulation or they want everyone to boycott sponsors or they want TV manufacturers to install V-chips; anything except taking responsibility for their behavior and turning off their televisions.

The average American child will watch 200,000 acts of violence and 16,000 murders on TV by age 18. Will this cause children to become violent criminals? I'm glad I will never know with my kids. My family stopped watching TV 10 years ago. Every consumer has this choice.

Paul Olson
Breckenridge, CO

The arguments presented in "The Whipping Boy" apply equally to the wars on drugs and guns. Yet television violence is not without blame. Brandon Centerwall's research focused on TV itself, not its content. As evidence of the influence of TV violence on behavior, we have "copycat" violence, increased Smith & Wesson sales post-*Dirty Harry*, and the interest generated in the obscure "Bren Ten" by Don Johnson's *Miami Vice* character. Frequent portrayal of military-style machine guns coincided with the misperception, cynically manipulated, that similarly styled semi-automatic rifles and shotguns were major crime tools. Sales of industry-hyped "assault weapons" rose as reports (or misreports) about them increased.

We shouldn't dismiss violent images. Although crime rates may not be greatly affected, lives are lost, and misplaced priorities increasingly erode our liberties.

William J. Durr
Cornwallville, NY

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Cato Institute, 1000 Massachusetts Ave., N.W., Washington, D.C. 20001

I am disturbed by Mr. Fowles' thesis that "television violence has never been shown to cause hostile behavior." This is a prime example of the current psychobabble pervading the intellectual idiocy of higher education. The idea that the constant portrayal of violence has no debilitating influence on behavior is ludicrous.

Fowles should back off from his voluminous vocabulary and go back to the basics of how a person is educated. We learn through our five senses. Of course TV informs us, via sight and sound, the most important learning receptors. What we are dealing with here are the young, impressionable minds of children. They lack the experience to discern the difference between fiction and fact and between right and wrong.

Byron Hawkins
Napa, CA

If TV violence begets violence in real life, it must be inferred that other depictions on TV are likewise impressed upon reality. After all, it ain't all violence on the boob tube. The very same programs full of murder, beatings, and chaos are also replete with empathy, altruism, heroics, charity, and the triumph of good over evil. Does fiction transcend fact? Where are those studies?

Gilbert J. Strong Jr.
Maplewood, NJ

Censor Happy

I enjoyed Jesse Walker's "Intolerant Alliance" (March), but I have a problem with the assumed equation between protest and censorship. Certainly REASON has not hidden its light under a basket when it comes to pointing out the dangers of various corporate and governmental idiocies. One assumes you have no problem with government regulation of, say, lead in drinking water. So why does raising the question of whether images can be dangerous immediately bring on an almost hysterical reaction?

I totally agree that all the instances of censorship Mr. Walker cites were laughable and stupid. However, I would like some idea of what he considers acceptable and appropriate concern. REASON fights stereotypes of businessmen despoiling the earth. Some of us would like to fight the stereotype of Larry Flynt, fearless and noble defender of free speech.

Jozseph Schultz
Santa Cruz, CA

I found "Intolerant Alliance" fascinating. However, your reference to Abingdon Press as a religious right outfit suggests that you are clueless about the landscape of American Christianity. You should run your stuff by a fact-checker.

Dan Stichman
Lancaster, CA

Jesse Walker replies: Mr. Schultz need not worry: I don't equate protest with censorship. As the cliché goes, the solution to bad speech is more speech; if Mr. Schultz doesn't like what Larry Flynt has to say, he has every right to express his criticisms. But when the protesters turn to advocating censorship, or to pushing dubious causal theories from the censors' arsenal, it then becomes my turn to protest.

And speaking of protesting bad speech: Mr. Stichman is quite right. Abingdon does publish some conservative material, but it also publishes books that would give Pat Robertson hives. Mea culpa.

Election Wrap-Up

It is rare to find as much utter nonsense in an issue of your usually superb journal as is contained in the election analyses by Richard Epstein and Mike Godwin ("The Legacy of Election 2000," March).

Mr. Epstein blames Democrats and Republicans equally for the bitter dispute over the Florida vote. While this kind of morally equivalent approach will generate kudos from the politically correct, it reflects an intellectual fuzziness.

Mr. Epstein sums it up exactly: "Democrats take an expansive view of language and harbor a yen for social justice, while Republicans gravitate toward plain-meaning interpretations and the rigorous application of formal rules." He then proceeds with a lengthy analysis that indicates not a shred of understanding regarding the relationship between these two approaches to government and their impact on individual liberty and property rights. Plain language, rule of law, and rigorous application of same are fundamental prerequisites to a free society. Conversely, legal interpretation that changes with the winds in pursuit of indefinable notions such as "social justice" is a recipe for tyranny. I can only conclude that Mr. Epstein doesn't understand this relationship, doesn't believe it, or doesn't really care about individual liberty.

Then comes Mr. Godwin's screed in which he takes the U.S. Supreme Court to task for reining in the Florida Supreme Court, which, in the explicit language of its own chief justice, was issuing rulings with no basis in law. In doing so, he asserts that the Supreme Court violated its own previous interpretations of states' rights, and thereby "stepped over the lines that supposedly constrain federal court authority."

What rubbish! No theory of states' rights ever granted to any state court the authority to rewrite election law ex post facto, which is exactly what the Florida court was attempting.

Mr. Godwin's contention that the court's action was justified because the Florida legislature had "presented the courts with a crazy quilt of ambiguous and/or self-contradictory election laws" would have made a nice press release for the Democrats, but as legal theory, it's junk. Give courts the authority to rewrite laws they find confusing and/or apparently self-contradictory, and you have made judicial tyranny a fait accompli.

There are many lessons to be learned from the election, but these articles contain no evidence that Epstein or Godwin understand any of them.

Robert J. Stepp, M.D.
Monument, CO

Richard Epstein's and Mike Godwin's analyses of the 2000 Florida election were journalistically skillful, but they both ignored a factor that had a most profound effect on the election outcome. A large number of spoiled ballots was not a new Florida phenomenon nor one peculiar to the 2000 election. There is a long history of under- and overvoting in certain precincts due to the disproportionate num-

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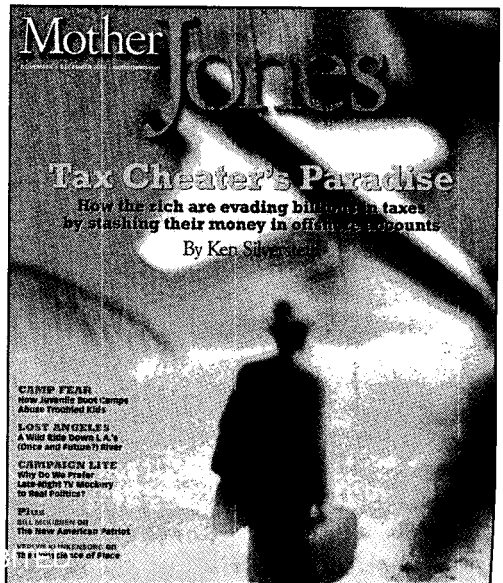
Mother Jones
Tax Cheater's Paradise
How the rich are evading billions in taxes by stashing their money in offshore accounts
By Ken Silverstein
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ber of literacy-challenged voters in those precincts.

This was well-known, as evidenced by the DNC's pre-election hiring of Telequest, a Texas telemarketing company, to call 74,000 voters on election day to raise concerns about punch card ballots. The script given to Telequest for their callers stated, in part, "some voters have encountered a problem today with punch card ballots in Palm Beach County. Voters have said that they accidentally punched the wrong hole for the incorrect candidate." The script went on to urge voters to return to the polls to formally register their complaint with election authorities.

Rather than engage in this obfuscation, why did not the DNC flood the vulnerable precincts with pre-election voter training sessions in town halls and churches using easily-prepared charts to explain the ballots? As it happened, they would have needed to prevent errors by only 600 voters to achieve their ends. Would not this have been more honorable than the attempted ex post facto judicial rewrite of Florida election laws?

Ronald M. Wade
Rockwall, TX

I enjoyed reading the judicial analyses of Election 2000. I read all of the legal documents from both the Florida Supreme Court and the U.S. Supreme Court, listened to the pundits, and came away with a view very similar to Epstein's.

I am a Democrat who did not care much for either candidate. Despite his protestations, Godwin came away as heavily partisan, which was best reflected by his last sentence, which contained the phrase "there's no disputing." Maybe he hasn't been listening, because there is plenty to dispute. This sort of arrogance from both political camps left a bad taste in my mouth.

The fact is that we Democrats screwed up, from nominating a weak candidate to creating butterfly ballots to not doing more to educate our members about how to vote. Furthermore, the fact that anyone would ever want to count a dimpled chad as a legitimate vote disturbs me greatly. Sure, the Republicans screwed up too, especially with the absentee ballot controversy. I just hope the lesson we derive from this nonsense is to avoid such screw-ups in the future so we don't have to depend on lawyers and judges to decide elections.

Terry J. Woodfield
Irvine, CA

Objective Art

We appreciate that Charles Oliver credits us with making a "provocative case" for Ayn Rand's theory of art, and with providing a "fascinating critique of the muddled thinking of most modern artists and critics." But we question some important errors and omissions in his review of *What Art Is: The Esthetic Theory of Ayn Rand*—tellingly entitled "Beyond Taste: The Perils of Defining Art" (March).

Most egregious is Oliver's assumption that, because we favor an objective definition of art, we would approve the acts of censorship (and abrogation of property rights) that might result from it under present law. Since our book, as we stressed, is a study "not in political philosophy but in the philosophy of art," we deliberately confined our analysis of the governmental and legal implications of Rand's theory to the points most relevant to the concept of art, within the existing body of law. Oliver's presumptions about what legal measures we would advocate, if any, are therefore ill-founded.

Regarding the 1990 obscenity trial in Cincinnati, for example, Oliver mistakenly infers that we faulted the jury for "refusing to convict" the Contemporary Arts Center's Director, Dennis Barrie. What disturbed us was not that "Barrie wasn't forced to spend some time behind bars" (as Oliver suggests), but rather that his defense was based on the false claim that the disputed photographs by Robert Mapplethorpe met the legal test of "serious artistic value." (We argue that, regardless of content, no photograph qualifies as a work of *art* if that term is precisely defined.) Even more disturbing to us was the likelihood that such a claim had contributed to the dismissal of the far more grave (and justifiable) charge that two of the photographs constituted child pornography. Nevertheless, we would not have advocated a jail sentence for Barrie.

To avoid undesirable legal consequences, Oliver favors a "purely subjective" theory of art. Such theories have held sway in the art world for decades, however, and have adversely affected far more than just those laws and government programs that libertarians would rightly abolish. They have corrupted the private and nonprofit sectors as well. In this regard, Oliver ignores our argument that recent corporate and foundation support has been as misguided as any government arts program. Spurious work by "avant-garde artists" is richly rewarded, while true art, especially painting and sculpture, is largely relegated to the margins of the cultural marketplace.

Oliver also omits any mention of other key portions of our book which lend further credence to the argument we make for an objective definition of art. These include entire chapters dealing with the nature of music, photography, and the decorative arts—as well as with dubious modernist and postmodernist innovations in dance, music, and literature, and with bogus postmodernist genres such as "performance art" and "installation art."

Finally, Oliver fails to consider what we regard as the most important public implication of Rand's theory in today's culture: that a destructive influence is being wrought on the young by the rampant irrationality and politically correct agenda of the contemporary arts establishment. In chillingly Orwellian fashion, school children are taught, among other falsehoods, that literally anything can be art—if a purported expert says it is. Surely this is one very real "peril" of *not* defining art, since free minds depend, above all, on cultivating the capacity for rational thought.

Louis Torres
Michelle Marder Kamhi
New York, NY

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In a Sea Of Lies

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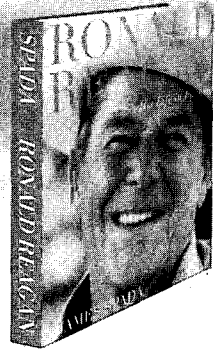
— Newsweek's *Eleanor Clift* 4/8/00

"The death penalty is like Viagra in middle-aged men. Texas uses the death penalty to remember what it was like in those good old cowboy days."
— *Geraldo Rivera* 6/26/00



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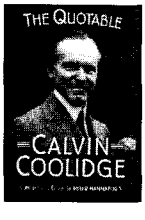

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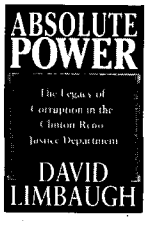

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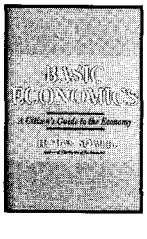

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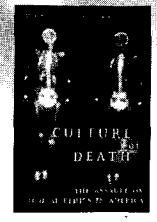

Culture of Death – Anti-Euthanasia attorney Wesley J. Smith reveals just how completely pro-death forces have eroded America's remaining respect for life. He details how you can demand life-saving treatment for yourself or someone you love in a culture increasingly unwilling to care for those it deems inconvenient.
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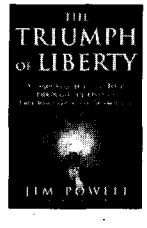

The Triumph of Liberty – Jim Powell chronicles the inspirational stories of 65 individuals who have advocated and defended liberty throughout history. This book gives you moving examples of true heroes of freedom including: William Penn, Benjamin Franklin, Adam Smith, Booker T. Washington, Ronald Reagan, and many more.
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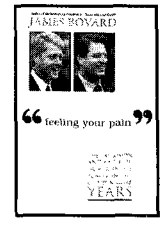

Feeling Your Pain – The era of big government is far from over. During the last eight years the Clinton administration has expanded the power and abuse of power of the federal government enormously. Now that we have survived the Clinton years, take a step back and see how much damage was really done.
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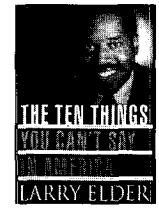

The Ten Things You Can't Say in America – Talk radio personality Larry Elder is not afraid of the self–proclaimed guardians of political correctness. He speaks out against the liberals who impose their ideas on America for their own benefit. Elder is dead–on in his evaluation of liberal lies and media bias.
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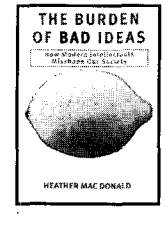

The Burden of Bad Ideas – Liberal dogma holds that the poor are "victims" of an unjust and racist society and are not responsible for their actions. Heather Mac Donald attacks that notion and shows how liberal philosophy has hurt urban America and what conservatives need to do to combat poverty.
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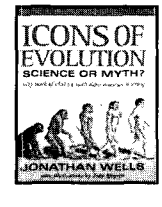

Icons of Evolution – In a scathing indictment of science education, Jonathan Wells dismantles the "icons" that support Darwin's theory of evolution one by one. He argues that the "proof" of evolution is a series of widely accepted, easily disputed claims that are taught to children in almost every science class in America.
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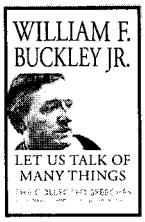

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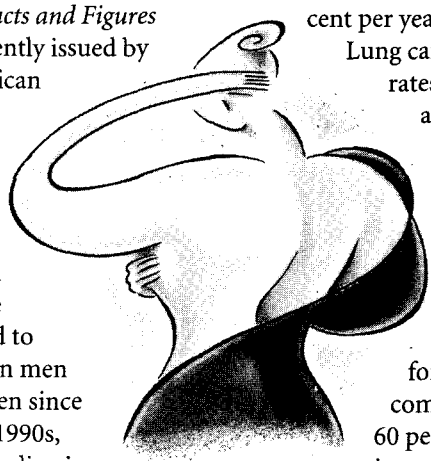
Citings

What Cancer Epidemic?

By Ronald Bailey

It's a staple of environmentalist dogma that industrial chemicals and pesticides are causing an epidemic of human cancers. Worldwatch Institute founder Lester Brown, for example, declared last year that "Every human being harbors in his or her body about 500 synthetic chemicals that were nonexistent before 1920." Such claims are often accompanied by pleas for new regulations removing even the smallest traces of synthetic chemicals from the environment.

But is there a rising cancer epidemic? Not according to *Cancer Facts and Figures 2001*, recently issued by the American Cancer Society. "Overall cancer incidence and death rates have continued to decrease in men and women since the early 1990s, and the decline in overall cancer mortality has been greater in recent years," the report concludes. The National Cancer Institute's annual report for 2000 similarly found that "the number of new cancer cases per 100,000 persons per year... for all cancers combined declined on average 0.8 percent per year between 1990 and 1997." According to the institute, the incidence of cancer has declined by 1.3 percent per year since 1992.



A lot of the cancer furor can be traced to the seemingly dramatic increases in breast and prostate cancer during the 1980s. "The apparent increases in the incidence of breast and prostate cancer are mostly due to increased screening," reports Mary Beth Hill-Harmon, an epidemiologist with the American Cancer Society. In other words, doctors got better at detecting breast and prostate cancers earlier, and this artificially—and temporarily—pumped up their numbers. Breast cancer rates have been roughly constant since 1987, and breast cancer death rates dropped 2.2 percent per year from 1990 to 1997. Prostate cancer death rates decreased by 4.4 percent annually from 1994 to 1997.

Meanwhile, colon and rectal cancer death rates have been decreasing 1.8 percent per year since 1984. Lung cancer death rates dropped among men by 1.7 percent per year from 1990 to 1997. The five-year survival rate for all cancers combined is now 60 percent. These improvements are largely a result of earlier detection (the sooner it's discovered, the more easily the disease is treated) and the development of more effective therapies.

No rising epidemic then. But perhaps the declines in cancer rates are a result of regulations reining in industrial chemicals? That's unlikely, since very few cancers are caused by synthetic chemicals in the first place. Sir Richard Doll, head of the Clinical Trial Service & Epidemiological Studies Unit in Britain, estimates that only 1 to 5 percent of cancers can be attributed to pollution.

The biggest cause of the disease is smoking, which is responsible for about 30 percent of cancers. Diet—especially consumption of animal fat—is responsible for between 20 and 50 percent; infections are responsible for 10 to 20 percent; and natural reproductive hormones account for 10 to 20 percent. A good portion of the decreases in both cancers and cancer deaths can be attributed to sharp declines in the number of smokers.

That's all good news, of course, even if it does burst the bubbles of the Lester Browns of the world. Here's some bad news: Further reductions in cancer rates depend on persuading people to improve their diets and stop smoking. Both are easier said than done.

Balance Sheet

By Jeff A. Taylor

ASSETS

▲ **Test Case.** Pregnant women do not trade their rights for fertility, the Supreme Court rules. A South Carolina hospital had for years required drug tests of expectant mothers and forwarded any positive results to police for follow-up.

▲ **Free Spite.** A federal appeals court confirms that the First Amendment protects tacky and shrill anti-abortion Web sites that cheerlead the deaths of abortion-performing docs. The court notes that no matter the bad taste, the written material cannot be construed as an imminent threat.

▲ **Comp Time.** Pennsylvania will transfer control of an entire school system to not one, but three private firms; parents can choose which will teach their kids. Real competition gives the 7,500-student Chester Upland school district a shot at improvement.

▲ **Born Free.** Killers may be made, but not by movies, a Louisiana judge rules. A civil suit sought to hold Oliver Stone and Time-Warner responsible for a store clerk's shooting by way of the movie *Natural Born Killers*.

▲ **Party Party.** Australia's smut merchants explore starting their own political party. The Eros Foundation notes the trend toward increased government control of adult entertainment, such as the new laws that decimated phone sex.

▲ **Fox Hounds.** Mexican President Vicente Fox says out loud that legalizing drugs would solve the violence and corruption problems his country faces. But he quickly adds that such a thing will only happen "some day" and that Mexico cannot possibly do it alone.

Scalped

By Tom Kertscher

When asked to step up enforcement of ticket

▼ **Cookie Mobsters.** Police in DeKalb County, Georgia, ticket Girl Scouts for selling Thin Mints without a permit. A local ordinance requires a permit for anyone soliciting in neighborhoods, with a fine of up to $200 for offenders. Police top brass later void the tickets.

▼ **Doubleplus Ungood.** New Jersey second-graders branded "terrorists" over a paper gun, kids in Maryland playing "too rough" tag, and a Florida boy who drew a picture of a deadly "laser" gun, are all smacked down by public school apparatchiks bent on bringing order to their Orwellian fiefdoms.

▼ **Pledge Pinned.** Virginia joins New York and Montana in the recent trend to require public school kids say the Pledge of Allegiance in their classrooms each day. The sponsor of the Virginia law, state Sen. Warren Barry (R), is clear on the purpose: "Some people say you can't force patriotism. I disagree."

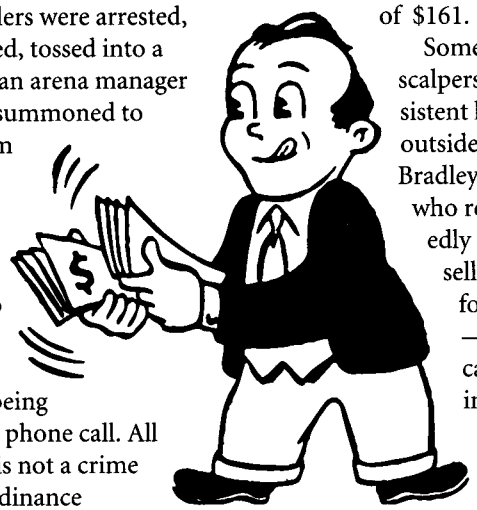
▼ **Bad Business.** Lawmen in Kansas oppose a civil forfeiture reform bill because seized loot would go to schools instead of cops. "Why would a local law enforcement agency seize property for forfeiture...when they do not receive any of the proceeds?" a prosecutor asks.

▼ **X-File.** The U.S. Sentencing Commission decrees that the criminal penalties for importing or selling Ecstasy will be more severe than for dealing powder cocaine. Drug warriors lobbied for the change lest X destroy the republic. Yet researchers say the drug is not as dangerous as coke, smack, or even alcohol.

▼ **Power Rangers.** Saudi Arabia intends to stamp out Pokémon, as the card game is said to run counter to Islamic law. Religious leaders pledge to catch 'em all, saying that "most of the cards figure six-pointed stars, a symbol of international Zionism and the state of Israel."

LIABILITIES

scalping ordinances outside Milwaukee's largest arena, the city police got aggressive. Ticket sellers were arrested, handcuffed, tossed into a van until an arena manager could be summoned to warn them never to return—and then held in jail for up to eight hours without being allowed a phone call. All for what is not a crime but an ordinance violation (similar to a speeding ticket) that carries not a jail term but a maximum fine of $161.



Some actual scalpers—persistent loiterers outside the Bradley Center who repeatedly try to sell tickets for profit—were caught in the operation, which netted about 100 arrests in February. But most of the offenders were first-timers who were merely trying to dump a couple of extra tickets for less than face value. It's not clear how many were actually taken to jail.

In stepping up the scalping enforcement, the MPD was responding to a request by the Bradley Center and its primary tenant, the resurgent Milwaukee Bucks professional basketball team. But it was the cops who decided not merely to issue citations and send the offenders on their way.

"You can't even go to jail for this offense; all you have is a fine," says Milwaukee attorney Michael Sperling, who is representing one of the arrestees, a Bucks season-ticket holder who had sold two tickets worth $80 for $30. "What they did is far worse than what can happen even if you are found guilty of the offense."

Complaints spurred the Bucks and the Bradley Center to hold another meeting with police, which according to the Bucks resulted in a new policy: First-time offenders will get a citation and only repeat offenders will be taken to jail for processing.

But the initial news of the arrests spurred a two-day firestorm on talk radio and enough official second-guessing of embattled MPD Chief Arthur Jones that Jones called Mayor John O. Norquist—at 7 a.m. at home on a Saturday—to complain. That call, in turn, spurred a controversy over whether the mayor wanted the chief out.

Sperling's client, investment firm owner Kevin Perlberg, said he was surprised but pleased by all the public attention. "I want people to know about this. This is ▶

QUOTES

"I am optimistic that we will be able to choose the road that embraces technology, respects the creativity of artists, and meets the justifiably impatient demand of consumers. **With apologies to Ted Nugent, who unfortunately could not make it today, I do not believe we are riding a Terminus Eldorado.** Rather I like to take the advice of Alanis Morissette, who suggested on her last album that the appropriate response to experience, even to experience we don't particularly want, is a resounding Thank U."
—Sen. Orrin Hatch (R-Utah), in his opening statement for hearings on online entertainment, April 3

"I feel sometimes **defending President Clinton is like being in the Mafia—you just can't get out.** You know, I'm like Michael Corleone. How do I get out of this business?"
—James Carville, on *The O'Reilly Factor*, March 29

BRICKBATS

◆ If you've been wishing your medical checkups could include a little talk about pistols, you're in luck: Doctors Against Handgun Injury, which claims to represent about two-thirds of the nation's practicing doctors, has recommended that physicians ask patients whether they own guns. If the patient says yes, the group continues, the doctor should lecture him about the alleged risks of gun ownership.

◆ An elementary school teacher in La Plata, Argentina, has been charged with taping shut the mouths of 70 students. The teacher apparently became upset when the kids would not stop talking during rehearsals for a school ceremony.

◆ Gloria Weiss wanted to open a coffee shop called the Colombian Connection in downtown Arlington Heights, Virginia. Then Virginia Z. Kucera of the town's Board of Trustees convinced her colleagues that the name conjured images of drug deals and would sully the town's name. The board refused to issue a permit for the business until Weiss renamed it the Colombian Coffee Connection.

◆ Each day, Sheila Hull gathers up the trash left by drug dealers and users outside her beauty shop in East Baltimore, Maryland. She places the refuse—much of it drug paraphernalia—in a city trash can nearby. Is the city glad that she tries to clean up things? Nope: It has fined her for using the city trash can for her own "private" purposes. absolutely ridiculous," he said. "How could someone feel they have so much power that they could do that to people?"

Dole Numbers

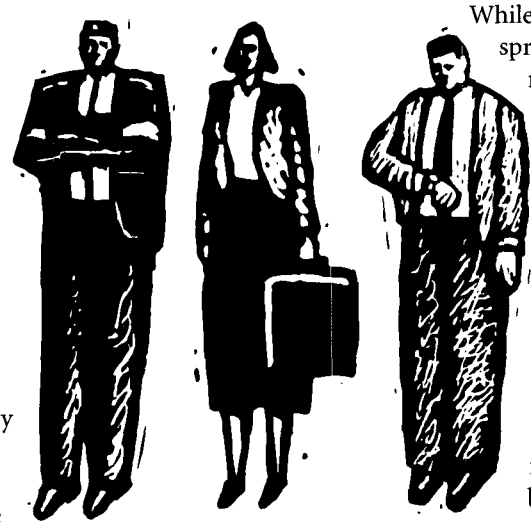
By Brian Doherty

Those who paint Bill Clinton as a tough centrist like to point to his success with welfare reform. From the beginning of Clinton's reign through 1999, the nation's welfare caseload fell 53 percent, thanks partly to tougher welfare standards and partly to the booming economy. But tens of thousands of people have left the welfare rolls not for either of those reasons, but because of a Clinton initiative: a "welfare-to-work" program that encourages federal agencies to hire welfare recipients.

By its own standards, the program was a runaway success. Clinton's announced goal was 10,000 new federal hires, but the federal Office of Personnel Management (OPM) reports that, as of January, 50,827 former welfare recipients had found work with the feds. Over 35,000 of those jobs were created during Clinton's last year in office.

Critics of the program condemn it as pure make-work that costs taxpayers more than just keeping the people on welfare, and according to some sources, President Bush is considering killing the program. (In theory, experience with job discipline, even at a government post, might help them get and keep other jobs in the future.) An OPM spokesman told *WorldNetDaily* that "most" of the jobs were temporary posts related to the Census. OPM's tally shows that 37,780 of the 50,827 jobs were within the Commerce Department, of which the Census is a subdivision.

Getting people off welfare by turning them into junior bureaucrats might seem to work against another grand Clintonian initiative: right-sizing government and shrinking the bureaucracy.



While on a federal hiring spree to make welfare reform look better, Clinton also crowed about falling federal employment during his administration.

This may be as misleading as taking 50,000 people off the dole by making them bureaucrats. In his book *The True Size*

☛ "If we really need nuclear power...then we must be willing to pay the full cost, *including* the true cost of liability insurance. If nuclear power plants are as safe as their backers tell us, then repeal of [limited liability] would not be catastrophic. On the other hand, if these power plants are really so dangerous as to be uninsurable, then it would be far better to realize it now."

—Robert Poole Jr., "The Nuclear Power Issue"

☛ "Gerald R. Ford...sent shivers up and down the spine of every sober American when he announced his wonderful plan to shell out $135 million to vaccinate every American against a nasty strain of flu virus expected to race across the land by late next winter. There's no faulting the president's humanism, and you'll find no fan of the flu in this corner. But one might ask: Is this really the proper function of the federal government?"

—David Brudnoy, "Peace on Earth, Flu Shots for All"

☛ "No monetary system has yet been devised that has proven free of problems....[The] era of 1865 to 1896 saw a massive deflation under a gold standard, deflation that produced the populist political movement, followed between 1896 and 1913 with a more rapid gold inflation. The main point to be said in favor of the gold standard is that attempts to manage currencies have proven even more disastrous—as the deflation of 1929 to 1933 and the inflation of 1939 to date have shown."

—Joe Cobb, "Why Credit Cards Cause Inflation"

of Government, Paul Light of the Brookings Institution argues that official figures grossly understate the size of the federal workforce. Officially, fewer than 1.8 million people work for Washington. But when you consider all those working under contract to the federal government, working under federal grants, or working under federal mandates to states and localities, the figure climbs to nearly 17 million.

DATA

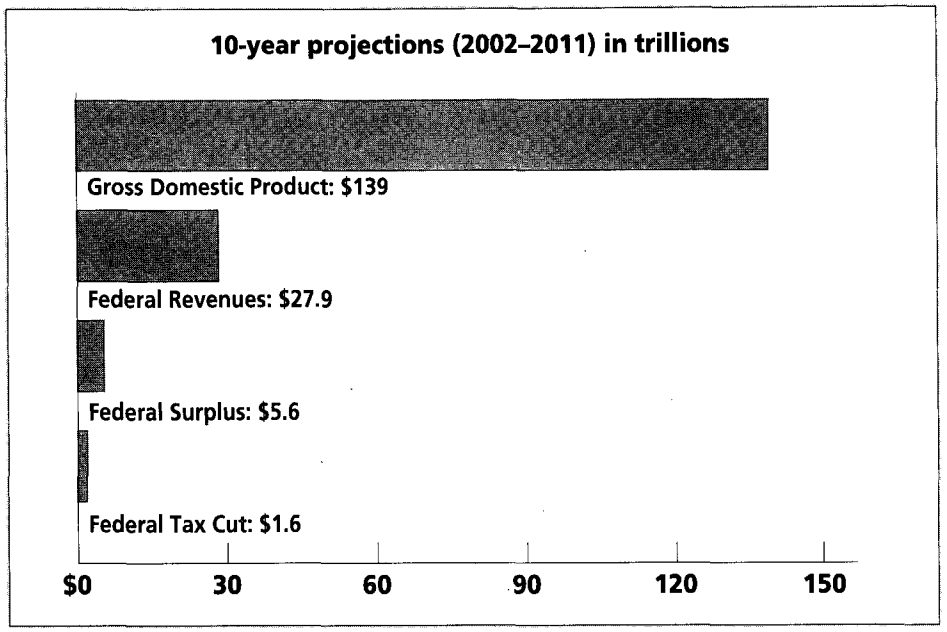
Puny vs. Huge Tax Cuts

By Michael W. Lynch

The New York Times' Bob Herbert derides President Bush's proposed 10-year, $1.6 trillion tax cut package as "enormous." His op-ed page colleague Paul Krugman calls it "irresponsible." Other newspaper commentators characterize it as "huge." But how big is enormous? At what point does responsible become irresponsible? Does huge do the cut justice?

The proposed tax cut is just over 1 percent of GDP and would shave less than 6 percent off the federal tax grab. Put in this perspective, other adjectives come to mind. Among them: modest, reserved—or downright puny.

Anti-tax activist Grover Norquist characterizes it as a good start. "It is smaller than the Kennedy tax cut of the 1960s, it is smaller than the Reagan tax cuts of the 1980s but it is certainly moving in the right direction."



Sources: Congressional Budget Office and Office of Management and Budget

Lessons Unlearned

By Sara Rimensnyder

Politicians are looking for lessons from the murders at Santana High in Santee, California. Here's one they might miss: An awful lot of the "lessons" learned at Colorado's Columbine High seem not to be true.

Santana administrators had taken every measure to

prevent or prepare for a Columbine-style tragedy. Every classroom had a telephone. Experts had wired the campus with extra radios and loudspeakers, and the principal was SWAT-trained to handle hostage situations. The dress code forbade "hateful images," gangsta wear, and anything else the administration deemed inflammatory. Counselors met regularly with students individually, to help with "anger management" and sometimes to mediate disputes.

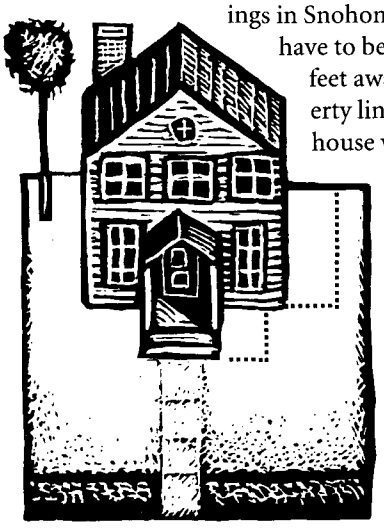
And in case you're wondering, California has some of the country's strictest, most intrusive gun laws. Those didn't prevent the shootings either.

Fun with Zoning Laws

By Sara Rimensnyder

A longtime feud in a lakeside community ended in March with one neighbor forcing another to move—three feet to the left.

According to the *Seattle Post-Intelligencer*, Stacey Ford had to shell out $40,000 to have some giant cranes move her Stanwood, Washington, house just three feet after the next-door neighbor alerted authorities that the 20-year-old structure violated local zoning laws. According to those rules, buildings in Snohomish County have to be at least five feet away from property lines; Ford's house was only two and a quarter. She applied for a variance, but, $15,000 in legal fees later, her request was denied.



For the neighbor, it ▶

BRICKBATS

◆ A Winnipeg man left a store one night with some change still in his hand. Two men grabbed the money from him and took off, but they were caught by the police. At the trial, Judge Charles Rubin turned the attackers loose, saying there wasn't enough evidence against them. Then he told the victim he was "stupid" for walking around a dangerous area with money in his hand.

◆ Canada Customs randomly targets shipments for drug searches. All well and good, say most importers. But then the importers get billed for the cost of searching.

◆ Recess recently got a little less fun at West Annapolis Elementary School. The Maryland school has banned games of tag, saying they violate a no-touching policy. Kids can still play tag in physical education classes, however, where they'll be closely supervised by a teacher.

◆ China imprisons Christian activists and political dissidents. It forces many into slave labor. But James Murdoch, Rupert's son and possible heir to one of the world's biggest media concerns (which has operations in China), seems to think that's not worth getting concerned about. In fact, at a recent conference he blasted Western media for focusing on China's human rights abuses. He added that the people of Hong Kong should accept the fact that they live under an "absolutist" government.

—Charles Oliver

was the perfect victory in a nearly decade-long feud that started with a tree and a wrecked tool shed. But Ford wasn't even party to the original hostility. The neighbor's true nemesis was Ford's uncle, Dennis Davis, who died just weeks before the zoning imbroglio began. Ford was the lucky heir to the property, the feud, and the $80,000 mortgage.

Downtown Wars

By Sara Rimensnyder

Downtown Los Angeles is primarily a grimy economic ghost town, with a few fancy corporate headquarters, some government buildings, and thousands of homeless and poor. It doesn't attract too many new businesses—not legitimate ones, anyway. So you'd expect the area's stewards to be pleased to find paying tenants for its many vacant buildings.

Not if those customers are telecommunications companies. For about three years, telecoms have been taking over decrepit buildings and filling them with switching equipment and skeleton work crews to keep things running smoothly. At present, they occupy 3.4 million square feet of space, about 8 percent of downtown's total commercial real estate.

Urban enthusiasts like Tom Gilmore, a developer who has converted several downtown buildings into loft apartments, have lobbied hard for an ordinance to limit telecom space, particularly in the five-block swath of streets designated the neighborhood's "historic core." Because these companies fill buildings with more machinery than people, Gilmore and others see them as anathema to their vision of downtown as a mini-Manhattan, with latté shops, restaurants, trendy apartments, and 24-hour bustle.

But whether or not downtown L.A. becomes Tribeca West, telecoms may not deliver the kiss of death that their detractors imagine. According to a study published by the consulting firm Jones Lang LaSalle, telecoms could in fact provide the seeds for real economic growth. So far they've brought 3,700 jobs to the area. Their presence has also prompted high-tech companies like SnapDragonFX to rent offices downtown, drawing thousands more potential mochaccino drinkers.

In late December, the telecoms' enemies and advocates joined city council members to hammer out a compromise ordinance. If it passes, no more than 25 percent of space in a building in the historic core could be rented to telecoms. In the rest of downtown, they could occupy up to 80 percent. And in no part of downtown could they operate on the first floor, which would be left open for retail space.

Currently, the motion for the ordinance is sitting in City Hall; while it collects dust, partisans on both sides have withdrawn their support from the agreement. Meanwhile, with the economy slowing down, "telecom interest is drying up," says Carol Schatz, president of the Central City Association, a group that represents downtown businesses. By the time any ordinance is passed, the issue may have disappeared, along with the prospect of any downtown revitalization.

That's too bad, but it's no tremendous tragedy. Los Angeles doesn't lack for bustling, pedestrian-friendly neighborhoods: There's Koreatown, Santa Monica, Westwood, Melrose, and more. Stand in the middle of most of them, and you'll think you're in an urban downtown—even if the word "downtown" has historically been assigned to a different part of L.A.

Gay Cathay

By Charles Paul Freund

Before April of this year, mainland China's gay population was crazy; now it's not.

Chinese gays haven't changed, but the Chinese Psychiatric Association has: Psychiatrists in China no longer classify homosexuality as a pathological condition. Having been insane by decree, the gays and lesbians of the world's most populous nation are now made normal by dint of category.

The West can spare itself a sense of enlightened superiority, as it was not very long ago—the 1970s—that a similar category shift occurred here. Before that, homosexuals were often institutionalized by their families, their Oedipal complexes scruti-

nized, their toilet training and dreams relentlessly analyzed in hope of a talking "cure." The professional literature of "inverts," from Krafft-Ebing forward, is today piled high in the West's second-hand bookstores.

Communist dictatorships, for their part, commonly jailed gays as criminals. In China's case, there was no law against homosexuality; police would arrest them as anti-state "hooligans." China eliminated "hooliganism" as a criminal category in 1997. Indeed, that nation appears to be in a fit of officially recategorizing its social life. But there are never too few criminal categories for a state intent on targeting its citizens, and China's government continues to regard unwelcome political opinions and even Falun Gong practices as signs of mental illness requiring forced treatment. In fact, China's network of police-run psychiatric clinics is reportedly expanding.

Interestingly, the Internet appears to have played a role in the emergence of China's gay community. According to press accounts, there are some 250 gay-oriented Internet sites in China. China's traditional culture allows its young adults minimal privacy and independence, but the Internet has given them a way to find and establish a broad-based community. As one Webmaster told the *Los Angeles Times*, "Unlike in the United States, a lot of people feel greater pressure [to escape isolation] because they don't have the economic means to be independent." A growing number of China's homosexuals are now living in gay communities spurred by new technology.

China's new view of its gays and lesbians is limited to those who accept their sexual identities. Those who are unhappy about their desires will still be classified as mentally ill. However, it is unclear what treatment China's psychiatrists will offer them.

SOUNDBITE

Dudley Do-Math

By Nick Gillespie

David Murray

It's particularly important in an information age to consume information critically. That's one of the main messages of *It Ain't Necessarily So: How Media Make and Unmake the Scientific Picture of Reality*, by David Murray, Joel Schwartz, and S. Robert Lichter. The book analyzes the ways science gets reported by journalists and how such accounts affect public policy. The result is a cautionary tale of how the media, sometimes knowingly and sometimes not, misrepresent science and statistics. Editor-in-Chief Nick Gillespie talked with co-author David Murray, the director of the Statistical Assessment Service, a D.C.-based nonprofit science and policy think tank.

Q: What's at stake regarding the media's treatment of science?
A: Public policy is increasingly driven by claims of "science." Policies about everything from child-rearing issues to climate change to health risks are responding to or informed by scientific analysis. Both the media and legislators are constantly invoking the authority of science. They're always saying things like, "Researchers find..." or "Studies show...."

But policy makers don't really understand science. Or perhaps more accurately, the way they—and the public at large—hear about scientific findings is through the prism of the media. And people in the media often don't understand science, either.

Q: How does this prism of the media refract scientific findings?
A: There's a handful of patterns. Journalists routinely overstate threats or hazards, or fail to put them in proper perspective. For instance, heart disease kills more women than breast cancer, but you read many more stories about the latter. Those stories end up dictating policy. Certain stories that fit a particular template tend to be the ones that get told, even if they're not, scientifically speaking, the most important or most accurate ones. From the media's perspective, the best story is one that has an easily identifiable victim, a villain, and a hero—Snidely Whiplash is tying Nell to the railroad tracks and Dudley Do-Right saves her just as the train approaches. It's even better if there's a cover-up involved somewhere. Think *Erin Brockovich*.

Journalists often reduce complexity to certainty. Sometimes that's because of deadline pressures; you can't overestimate the effects of time constraints and ignorance. But journalists also don't mind overstating things if they think it's for a good cause. And if scare stories help sell more papers, that's a bonus.

Q: People have more access than ever before to information. Does that matter?
A: There's good news and bad. There's a growing gulf between what might be called the information-savvy and the information-gullible. If you're savvy, you have more ways of cross-checking information and getting closer to the truth of a situation, of seeing the wires and struts behind the news, so to speak. At the same time, if you don't have access to media beyond the traditional journalistic gatekeepers, you're more vulnerable than ever because the mainstream media have become much better at producing seemingly authoritative accounts.

Higher Learning

In which our man in Washington foregoes dirty talk for Tocqueville and finally learns what a wigwam is.

By Michael W. Lynch

Subj: Tocqueville vs. S&M
Date: 3/27/01
From: mwlynch@reason.com

"Is it a matter of pride to you at Yale that one of your own has become president, and with so much loyal help from all of you?" Harvard government professor Harvey Mansfield asked the audience in a quarter-full auditorium. He'd come to the question period of his lecture on Alexis de Tocqueville and had just claimed that the electorate in a democracy plays a divine role, rewarding the virtuous in this life the way God does in the afterlife.

Considering it's an Ivy League university, Yale, where my wife teaches English and I spend half the month living in a dorm, has a surprisingly active intellectual climate. On a single day a few weeks back, I was able to catch Spike Lee attack the film biz and hear young fogey Jedediah Purdy discourse on the importance of being way too earnest.

When Mansfield came to town, I was forced to choose between his lecture, which he delivered in tandem with his wife, Delba Winthrop, and a presentation titled "Bondage, Domination, and S&M 101: What BDSM Has to Offer Even the Most Vanilla Couples." REASON Publisher Mike Alissi, who lives nearby in Connecticut, was in town, which may explain why I picked Tocqueville talk over dirty talk.

Mansfield and Winthrop have recently completed the third-ever English translation of *Democracy in America.* "Most thinking people are either liberals or conservatives," said Winthrop, while Mike barely restrained himself from shouting out something about libertarians. "Most independents," she continued, "apart from standing apart from parties, pick unthinkingly from each of them, having their cake and eating it too."

Mansfield informed the audience that we need a really good translation of the book to understand the nuances of Tocqueville's profound, yet sometimes obscure, thought. He may be right: Tocqueville's big book gets quoted more than the Bible and only a little less than *Seinfeld.*

The famously conservative Mansfield last made the press when he claimed that Harvard's grade inflation was the product of its active recruitment of blacks rather than a response to uppity, upper-class white kids insisting on A's. His missus, it turns out, is no slouch in the controversial quip category either: "American men are too busy to have great romances," she said in a sweeping style worthy of Tocqueville. Mansfield stood next to her smiling and didn't seem to mind. Maybe he knows something Delba doesn't.

Subj: Opening day subsidies
Date: 4/03/01
From: mwlynch@reason.com

When one hears Canada being held up as an example of solid economic policy, it's a sure sign that something, somewhere, is going awfully wrong. Even stranger: On this, the opening day of baseball season, Canada was being praised at the Cato Institute, during a forum on publicly funded sports stadiums. "Canada has been tough lately, saying *no* to professional sports teams," said Raymond J. Keating, head economist of the Small Business Survival Committee, a hilariously named group that attacks government spending like the plague. "Kudos to Canada, at least on that."

Publicly funded sports stadiums are like crack cocaine to local politicians and business bigwigs. These folks are just like addicts: They deceive everyone around them for the sake of a fix and rarely take no for an answer when voters decline to subsidize their schemes. Instead, they resort to theft—in the form of dubious hotel, sales, and other taxes—to pay for their fix, forcing citizens who couldn't care less about sports to subsidize teams.

Owners are getting greedy when it comes to publicly financed stadiums. The Mets not only want a retractable roof, but a retractable field as well. Ditto for the Yankees, the Phillies, the Cardinals, and the Padres. "If you look at all these efforts," said Keating, who confessed to loving sports, just not taxpayer-financed sports stadiums, "it could cost $5 billion in the next few years, with taxpayers being on the hook for $3 billion of it."

D.C. still mourns the loss of its Senators, that great legendary laughingstock team, and the move is on to bring baseball back inside the Beltway. President Bush, who owes his fortune to his piece of a publicly funded stadium in Texas, is so eager to get the national pastime back in town that he's hosting

HENRY PAYNE

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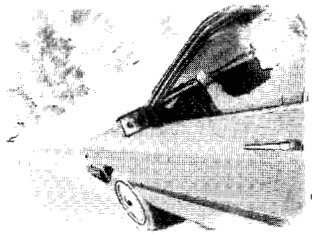

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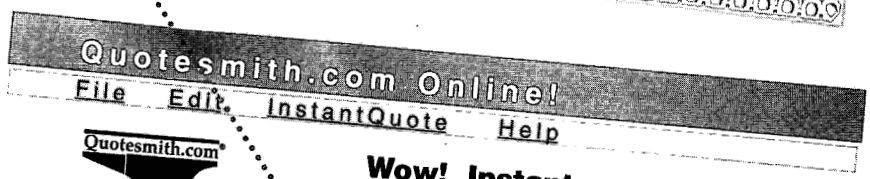

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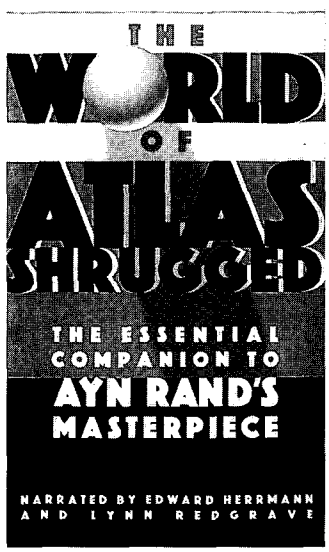

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monthly tee-ball games in his backyard (it's like the Senators never left!). D.C. Mayor Anthony Williams has vowed to bring a team to the city, and the power brokers in Northern Virginia are eager to issue revenue-backed bonds to build a stadium.

Stephen S. Fuller, the hired rationalizer for the Northern Virginia big shots, was on hand for the Cato panel. Fuller, who teaches economics at George Mason University, claims that a stadium would actually be a money-maker for Virginia taxpayers. Fuller doesn't have a problem with governments being active players in arranging local economies, whether we're talking tax incentives to high-tech firms or dumping billions of dollars into projects like the D.C. Convention Center. He even indicated that voters shouldn't be allowed to veto stadium and convention-center projects that experts deem to be in the best interests of everyone. "This is new spending," he said cheerfully, of the $200 million the Virginia government plans to spend one day on its stadium.

Since this was Cato, Fuller was outnumbered three to one. Dennis Coates, an economist at the University of Maryland, Baltimore County, was the toughest adversary. He employed a PowerPoint presentation to expose the flaws common to the studies that justify public financing of stadiums. "If you hire a contractor, what would you call it?" he asked. "A cost, right? The state calls it a benefit." Coates also helpfully explained the technical term "opportunity cost," which he says the studies rarely account for. "Most people understand opportunity cost at an intuitive level," he said, perhaps thinking of his wife. "If I'm laying on the couch drinking a beer, then I can't be mowing the lawn."

Fuller retorted that he didn't need to account for opportunity costs, since the bonds are revenue-backed and therefore don't crowd out other meritorious public investment. Said Fuller, "There's no limit to revenue-backed bonds, so long as you have the revenue."

Yet Coates wouldn't budge from his contention that the joy of stadiums doesn't stem from a stimulation of local economies. In a study of 37 cities that

funded stadiums, he found no economic benefits to the communities. Not surprisingly, it's the owners and players who make out.

That said, Coates didn't categorically rule out publicly financed stadiums altogether. Using Baltimore's Camden Yards ballpark as an example, he said it cost, on average, $14 a year per person in the metropolitan statistical area. "If that's worth it to you, then you should support it."

Subj: It's about freedom
Date: 4/04/01
From: mwlynch@reason.com

Theodore J. Forstmann made a triumphant return to the National Press Club. It was there three years ago that the New York financier announced the formation of the Children's Scholarship Fund, which raised $200 million to provide partial private school scholarships to 40,000 low-income children, including 400 here in the District of Columbia. He was surprised, and then inspired, when more than 1 million families applied for the scholarships.

Today he announced a new group, Parents in Charge, and a new national campaign. On hand: Joseph Califano Jr., secretary of health, education, and welfare during the Carter years; Martin Luther King III; Guy Doud, the 1986 National Teacher of the Year; and Rose Blassingame, whose inspiring efforts to educate her grandchildren in D.C. are chronicled in my January 2000 article, "Rampaging Toward Choice."

Forstmann is launching a major campaign to educate parents on their right to choose where their children attend school. "It will look like a national political campaign without a candidate," said Forstmann, explaining a model that might work well for the next presidential election. "The idea is to get millions of parents to join us and demand the rights they once enjoyed and were taken away from them."

The press conference was filled with hyperbole and a bit of insight (making it, on balance, distinct from most such events). Califano praised Forstmann for providing "a cry in the wilderness of a desolate public education system in this country." Guy Doud provided some well-rehearsed humor, thanking the moderator for getting his name right: "Recently I was introduced and they called me 'gay dude.'" "We need more choices," he said. "I love coming to a city like D.C. I'm from a small city in Minnesota where we have a small number of restaurants. Here I can have Indian and [other ethnic foods]. We need that choice in education." Martin Luther King III brought it back to Pops. "My father really challenged America to be a better nation," said King. "We are challenging our educational system to be the best it can become. We are nowhere near that today."

Rose Blassingame, bless her heart, followed her prepared remarks with a lecture on the cultural bias of the Stanford 9, a widely used standardized test that her granddaughter Lapria was scheduled to suffer through today. Having helped her granddaughter study for the test, Rose said that urban, low-income kids don't necessarily know what a pond is. When Lapria thinks of water, she thinks only of a river. Rose was appalled that although everyone knows Indians lived in teepees, the test called them wigwams.

Forstmann made it clear that he wants to remake the American K–12 education system in the image of higher education, which relies on large amounts of government funding but competes for students, reputation, and market share. He was less clear, however, in the Q&A, where he played coy on many details.

"I haven't heard the word yet; are we talking vouchers?" asked a reporter from *Congressional Quarterly.*

"I'm not," replied Forstmann. "Voucher has become such a dirty word. Voucher is just a way of paying for something. We are talking about having families reassume the rights that have been taken away from them. It's not about vouchers. It's about freedom."

Yeah, the freedom to use a voucher. A reporter from Cox News Service suggested Forstmann might call it a Pell Grant. Now there's an idea that just might work.

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Cathy Young

The Mommy Tax

Is motherhood a boon or a burden for women today?

A book that purports to offer a bold new vision of gender equity is taking the media by storm. *The Price of Motherhood: Why Motherhood Is the Most Important—And Least Valued—Job in America*, by Ann Crittenden, has been hailed as a "landmark" work that challenges liberal and conservative paradigms, a "revolutionary tract" that "lays out an argument for the next wave of feminism." The book is also prominently featured on the Web site of the National Organization for Women (now.org). But, far from charting a new course, *The Price of Motherhood* mostly serves the same old left-wing feminist wine in new pro-motherhood bottles.

Ironically, Crittenden readily concedes something that critics of feminism have long maintained: Today, gender disparities in pay and advancement are primarily due not to discrimination but to women's family roles. "Motherhood," she writes, "is now the single greatest obstacle left in the path to economic equality for women."

However, where some see freely made choices and trade-offs, Crittenden sees a cruel society that victimizes women, forcing them to choose from "a set of bad options" and exploiting their selfless service. She argues that all mothers—whether they pursue an uninterrupted career, temporarily scale down their labor force involvement, or devote themselves entirely to child-rearing—deserve far more social "support" than they are getting.

Her wish list includes a year's paid leave after the birth of each child, part-time work with full benefits, free universal preschool for children starting at age 3, Social Security credits for time spent caring for family members, and a stipend that can be used as a "salary" for full-time parenting or as a child care subsidy. Crittenden knows that this agenda will strike a lot of Americans as welfare statism, but she believes that American women should demand "a new social contract" guaranteeing true equality for mothers.

Crittenden's prime example of Mom as victim is Crittenden herself. After her son was born in 1982, she left her job as a financial reporter at *The New York Times*, giving up a $50,000 annual salary; since then, she has made about $15,000 a year from freelance writing. Crittenden makes it clear that she loved the time she spent with her child, and that her husband's income was quite sufficient for a comfortable life. Still, she gripes, "this seems a high price to pay for doing the right thing."

Yet surely Crittenden's financial losses were the result of her own priorities. She writes that she expected to take a relatively short time out, "assuming it would be easy to get back into journalism after a few years, or to earn a decent income from books and other projects." But she doesn't say whether her extended underemployment was caused by lack of opportunity or, as seems more likely, the desire to spend more time with her child.

Crittenden charges that the American workplace is inhospitable to people encumbered by family responsibilities. Yet she acknowledges that most professional women today do not leave the workforce when they have children. Rather, "They are not necessarily working at the careers for which they have been trained, or at the most challenging level of those careers, or at the salaries that their training would normally command." An academic drops off the tenure track to work part-time, a physician cuts back her practice, lawyers leave large firms for less-demanding work environments, corporate managers become home-based consultants.

Is there a problem here? Many of these women are apparently comfortable with the decisions they've made; they stubbornly refuse to believe that government or business owes it to them to pick up the tab, insisting that their children are their responsibility. A chagrined Crittenden approvingly quotes a NOW Legal Defense Fund lobbyist who compares this attitude to "the way women used to blame themselves for rape."

Undoubtedly, some employers see any sign of a life outside the office as evidence of inadequate commitment to the job. Some studies cited by Crittenden suggest that even short career interruptions in the corporate world are seriously penalized (though it's also possible that mothers who have taken time off don't work at the same level of intensity as other women and are less aggressive in seeking promotions). However, few would deny that in the past two decades, the marketplace has come a long way in adapting to the rise of the two-earner family.

These changes, from flexible schedules to on-site day care, have made it easier to combine work and parenting. Still, they have not made it possible to do so without sacrifices; the mommy (or daddy) track will only take you so far. And employer accommodations have their limits. In an inadvertently hilarious passage, Crittenden laments that "the most sympathetic employer can prove surprisingly resistant to the second baby." She's talking about a feminist economist who had arranged for a pregnant graduate student to get a year's extension on her schedule and time off with her newborn. The prof felt "betrayed" when the student got pregnant again just as she was due to come back.

Crittenden argues that as a result of their maternal devotion, women are still excluded from "full and equal participation in the economy and in society," and that the solution is European-style "compassionate capitalism." Predictably, Sweden looms large in her vision, as a utopia where the law guarantees mothers everything from paid leave to subsidized day care to a reduced work schedule.

What Crittenden does not say is that in

some ways, workplace disparities between men and women are far more stark in this "almost mythical paradise" than in the inferno of America's "unrestrained turbo-capitalism." In the mid-1990s, according to government data, women held only 17 percent of managerial jobs in Sweden (and just 8 percent in the private sector). In the United States, the figure is 43 percent.

The Price of Motherhood does make some valid points about ways U.S. government policies hurt working wives and mothers. Their earnings often end up being taxed at exorbitant rates because their husband's income pushes them into a higher tax bracket. The present structure of Social Security often wipes out their contributions altogether: A retired woman can receive either benefits based on her husband's earnings or benefits based on her own. That means if the dependent benefits are higher, she collects the same amount as she would have if she had never earned anything at all. Yet Crittenden brusquely dismisses proposals for a privatized retirement system, on the rather bizarre assumption that stay-at-home mothers would not benefit at all from their husbands' retirement accounts.

What Ann Crittenden proposes is female chauvinism posing as anti-sexism and a vast expansion of government power under the guise of empowering women.

Are American mothers victims of massive gender-based injustice? While Crittenden takes a swipe at our national value of "pursuit of happiness through the pursuit of money," the underlying assumption in *The Price of Motherhood* is that pay and career status are the only rewards that matter. Yet today's semi-traditional roles often afford women not only greater opportunities (compared to men) to be close to their children, but greater opportunities for more fulfilling if less lucrative work. In a recent online chat at the *Washington Post* Web site, Crittenden was asked if one couldn't argue that "men are the ones who are penalized because they are expected to go out and work 24/7." Her reply: "Men, they wrote these rules, and I have no doubt they suit men's preferences more than women's."

That's a glib dismissal of a complex issue. In one couple I know, the father had to drop out of a graduate program in music when he learned that a baby was on the way; he finds his current corporate job boring and exhausting and hates the long hours away from his son. The mother, who quit an office job she never much liked, seems to be enjoying her time at home. Who's making the sacrifice?

Crittenden's blindness to men's disadvantages is especially glaring when it comes to divorce. Her discussion of this issue is based on the fallacy that it's nearly always men who desert their families—in fact, two-thirds of divorces involving children are initiated by mothers—and focuses on women's economic losses while ignoring the emotional pain of fathers who lose their children. She also ignores recent studies claiming that taxes and other factors equalize the financial burdens of divorce on mothers and fathers.

Revealingly, Crittenden has much to say about shared income after divorce and nothing about shared parenting, even though it would lighten women's burdens. Take one of her tales of maternal victimization: A lawyer who won a custody fight with her ex-husband ended up losing her job because, as "a single mother of two small children who could not afford to lose their mother as well as their father," she was no longer able to put in the hours at her law firm. It never occurs to Crittenden that it might have been better for everyone if the children didn't have to lose their father—who had actually volunteered to raise them.

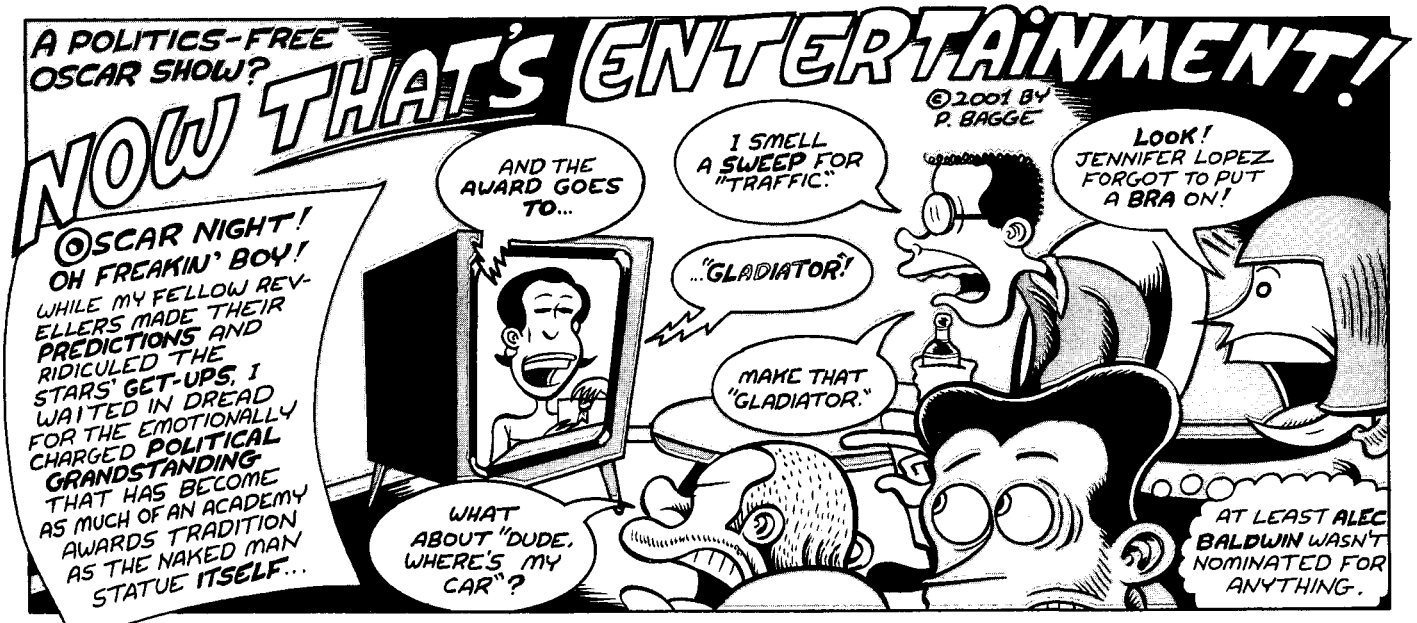
This anecdote illustrates a larger point. One way to reduce the "tremendous costs of caregiving" for women is for fathers to share more in child-rearing. Crittenden claims that "most men have dragged their heels" yet acknowledges only in passing that women often balk at surrendering the role of primary parent.

It is likely that women's overall greater involvement in hands-on child care will persist due to innate sex differences (which means that, like it or not, so will men's overall higher level of achievement outside the home). Still, many fathers are able—and, in a friendlier climate, would be willing—to take over as caregivers, freeing mothers to advance in the marketplace. Even in more traditional arrangements, good fathers not only play an important role in raising children to be healthy adults but provide the financial support that allows mothers to spend more time with the family.

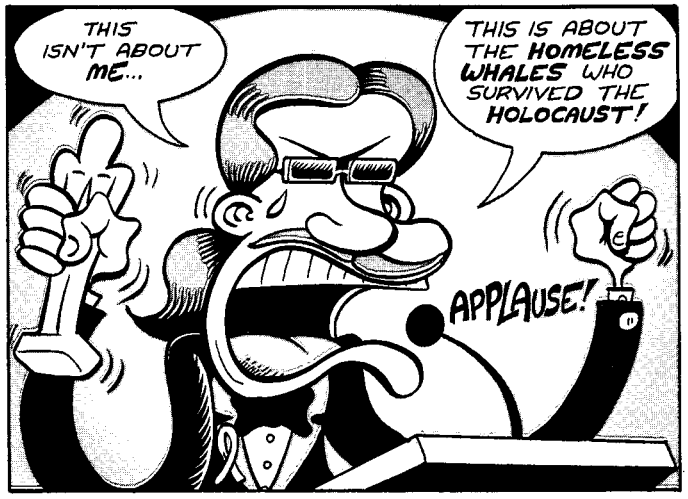
Crittenden pays lip service to equal parenting, but most of the time her attitude toward fathers ranges between dismissive and venomous. She explicitly suggests that men don't love their children as much as women do. While grudgingly admitting that "two parents are better than one," she also speculates that children may often be better off in female-headed families where "no man is able to challenge maternal priorities," since women are supposedly more inclined to spend resources on the children and not on their selfish needs. At best, a devoted father is treated as a minor supporting player in the story of the "conscientious mother."

True gender equality would mean recognizing that both parents are equally responsible for—and equally important to—their children, however they decide to divide their responsibilities. Instead, Crittenden believes that "society" should take responsibility for children so that women can have it all. What she proposes is entitlement masquerading as rights, female chauvinism posing as anti-sexism, and a vast expansion of government power under the guise of empowering women. ◆

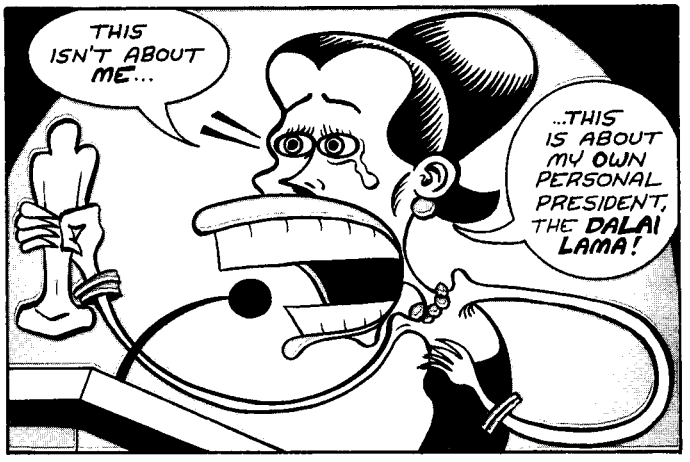
Contributing Editor Cathy Young (cathyyoung2@cs.com) is the author of Ceasefire!: Why Men and Women Must Join Forces to Achieve True Equality *(The Free Press).*


A POLITICS-FREE OSCAR SHOW?
NOW THAT'S ENTERTAINMENT!
©2001 BY P. BAGGE
OSCAR NIGHT! OH FREAKIN' BOY! WHILE MY FELLOW REVELLERS MADE THEIR PREDICTIONS AND RIDICULED THE STARS' GET-UPS, I WAITED IN DREAD FOR THE EMOTIONALLY CHARGED POLITICAL GRANDSTANDING THAT HAS BECOME AS MUCH OF AN ACADEMY AWARDS TRADITION AS THE NAKED MAN STATUE ITSELF...
AND THE AWARD GOES TO...
I SMELL A SWEEP FOR "TRAFFIC."
...GLADIATOR!
MAKE THAT "GLADIATOR."
WHAT ABOUT "DUDE, WHERE'S MY CAR"?
LOOK! JENNIFER LOPEZ FORGOT TO PUT A BRA ON!
AT LEAST ALEC BALDWIN WASN'T NOMINATED FOR ANYTHING.

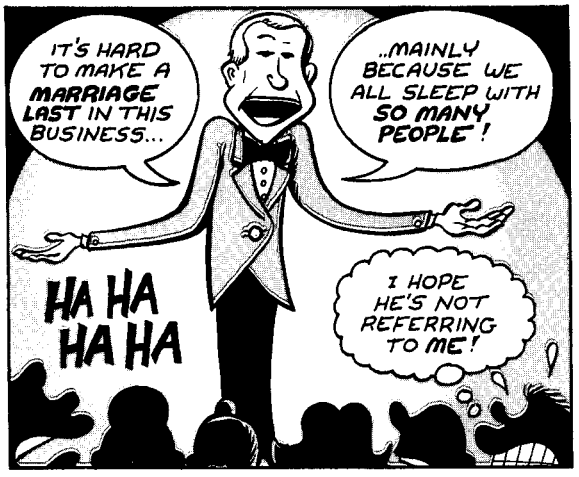
NOTHING IS MORE ANNOYING—YET UNINTENTIONALLY HILARIOUS—THAN WATCHING THE MOST SELF-OBSESSED PEOPLE ON EARTH LECTURE THE REST OF US ABOUT ISSUES THEY FEEL WE DON'T CARE ENOUGH ABOUT.



IMAGINE MY SURPRISE WHEN EVEN AMERICA'S MOST BEAUTIFUL WOMAN,™ JULIA ROBERTS, DIDN'T MAKE ANY "BOLD" PRONOUNCEMENTS, SINCE SHE'S RECENTLY BEEN ENCOURAGED TO SPEAK OUT AGAINST SUCH SOCIAL ILLS AS THE EXISTENCE OF GEORGE W. BUSH, WHOM SHE REFUSES TO ACKNOWLEDGE AS HER PRESIDENT.



IN FACT, THIS YEAR'S TELECAST WAS COMPLETELY DEVOID OF ANY SUCH SELF-RIGHTEOUS BLEATINGS. HOST STEVE MARTIN EVEN MADE SOME JOKES AT HIS PEERS' EXPENSE IN A SEEMINGLY DELIBERATE ATTEMPT TO KEEP THEIR EGOS IN CHECK!


IT'S HARD TO MAKE A MARRIAGE LAST IN THIS BUSINESS...
...MAINLY BECAUSE WE ALL SLEEP WITH SO MANY PEOPLE!
HA HA HA HA
I HOPE HE'S NOT REFERRING TO ME!

SO THERE YOU HAVE IT: A POLITICALLY BENIGN AWARDS CEREMONY, JUST AS THE OLD STUDIO MOGULS INTENDED THEM TO BE! THOUGH YOU STILL HAVE TO WONDER ABOUT THE INDUSTRY POLITICS THAT SHOVES NO-TALENT SHOWBIZ BRATS LIKE KATE HUDSON DOWN OUR THROATS, OR NOMINATING RANDY NEWMAN FOR WRITING WHAT SOUNDS LIKE THE SAME SONG YEAR AFTER YEAR...

...AND WHEN IS SOMEBODY GONNA TELL BOB DYLAN THAT HE CAN'T SING?!?
...YA BA DEE BAH DAAAY...
THE SONG OF THE YEAR, LADIES AND GENTLEMEN!
....OR SHOULD I SAVE THAT RANT FOR THE GRAMMY AWARDS?

Annual Causes of Deaths in the US

Tobacco: 430,700[1]

1. Average 1990-1994. *Source:* "Smoking-Attributable Mortality and Years of Potential Life Lost," Morbidity and Mortality Weekly Report (Atlanta, GA: Centers for Disease Control, 1997), May 23, 1997, Vol. 46, No. 20, p. 449.

Alcohol: 110,640[2]

2. 1996. *Source:* "Number of deaths and age-adjusted death rates per 100,000 population for categories of alcohol-related (A-R) mortality, United States and States, 1979-96," National Institute on Alcohol Abuse and Alcoholism, from the web at http://silk.nih.gov/silk/niaaa1/database/armort01.txt, last accessed Feb. 12, 2001, citing Alcohol Epidemiologic Data System, Saadatmand, F, Stinson, FS, Grant, BF, and Dufour, MC, "Surveillance Report #52: Liver Cirrhosis Mortality in the United States, 1970-96" (Rockville, MD: National Institute on Alcohol Abuse and Alcoholism, Division of Biometry and Epidemiology, December 1999).

Adverse Reactions to Prescription Drugs: 32,000[3]

3. Average 1982-1998. *Source:* Lazarou, J, Pomeranz, BH, Corey, PN, "Incidence of adverse drug reactions in hospitalized patients: a meta-analysis of prospective studies," *Journal of the American Medical Association* (Chicago, IL: American Medical Association, 1998), 1998;279:1200-1205, also letters column, "Adverse Drug Reactions in Hospitalized Patients,", JAMA (Chicago, IL: AMA, 1998), Nov. 25, 1998, Vol. 280, No. 20, from the web at http://jama.ama-assn.org/issues/v280n20/full/jlt1125-1.html, last accessed Feb. 12, 2001.

Suicide: 30,575[4]

4. 1998. *Source:* Murphy, Sheila L., "Deaths: Final Data for 1998," National Vital Statistics Reports, Vol. 48, No. 11 (Hyattsville, MD: National Center for Health Statistics, July 24, 2000), Table 10, p. 53.

Homicide: 18,272[5]

5. 1998. *Source:* Murphy, Sheila L., "Deaths: Final Data for 1998," National Vital Statistics Reports, Vol. 48, No. 11 (Hyattsville, MD: National Center for Health Statistics, July 24, 2000), Table 10, p. 53.

All Licit & Illicit Drug-Induced Deaths: 16,926[6]

6. 1998. *Source:* Murphy, Sheila L., "Deaths: Final Data for 1998," National Vital Statistics Reports, Vol. 48, No. 11 (Hyattsville, MD: National Center for Health Statistics, July 24, 2000), pp. 1, 10.

Anti-Inflammatory Drugs such as Aspirin: 7,600[7]

7. 1992. *Source:* Robyn Tamblyn, PhD; Laeora Berkson, MD, MHPE, FRCPC; W. Dale Dauphinee, MD, FRCPC; David Gayton, MD, PhD, FRCPC; Roland Grad, MD, MSc; Allen Huang, MD, FRCPC; Lisa Isaac, PhD; Peter McLeod, MD, FRCPC; and Linda Snell, MD, MHPE, FRCPC, "Unnecessary Prescribing of NSAIDs and the Management of NSAID-Related Gastropathy in Medical Practice," *Annals of Internal Medicine* (Washington, DC: American College of Physicians, 1997), September 15, 1997, 127:429-438, from the web at http://www.acponline.org/journals/annals/15sep97/nsaid.htm , last accessed Feb. 14, 2001, citing Fries, JF, "Assessing and understanding patient risk," *Scandinavian Journal of Rheumatology Supplement,* 1992;92:21-4.

Marijuana: 0[8]

8. ?-Present. *Sources:* Drug Abuse Warning Network (DAWN), available on the web at http://www.samhsa.gov/; also see Janet E. Joy, Stanley J. Watson, Jr., and John A Benson, Jr., Marijuana and Medicine: Assessing the Science Base. Division of Neuroscience and Behavioral Research, Institute of Medicine (Washington, DC: National Academy Press, 1999, available on the web at http://www.nap.edu/html/marimed/; and US Department of Justice, Drug Enforcement Administration, "In the Matter of Marijuana Rescheduling Petition" (Docket #86-22), September 6, 1988, p. 57.

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PERMISSION TO REPRODUCE

The Abolition of Man?

Tell 'em that it's human nature.

By Jesse Walker

Delve into literary or film studies, and you'll run into something called *genre criticism.* Inoffensive in theory, this approach often devolves into a way to complain that artists are not conforming to the critic's pet definitions.

Consider "Movie Chronicle: The Westerner," Robert Warshow's famous essay on the Hollywood western. After laying out an ideal form that westerns supposedly follow, Warshow criticizes several famous films for deviating from his theory. *High Noon,* though "well handled," is faulted because "social drama" has no place in the genre. *My Darling Clementine,* though "beautiful," is "so loving in execution as to destroy the outlines of the Western legend." The idea that one might enjoy a film precisely because it does *not* conform to a preset formula has no place in this approach to criticism.

So it is when conservatives invoke "human nature." Want to enhance your unborn child's genes? Watch out, warns George Will: You just might "put us on a slippery slope to the abolition of humanity." What's at stake, Dinesh D'Souza adds in *The Virtue of Prosperity,* is "the viability of the human race." Will and D'Souza didn't arrive at the same stance by accident. Both are recycling the ideas of philosopher Leon Kass, who frets also over efforts to extend the human lifespan. "Is not the limit on our time the ground of our taking life seriously and living it passionately?" Kass once wrote. "To number our days is the condition for making them count, to treasure and appreciate all that life brings."

Just as the filmgoer reading Warshow inevitably starts to suspect that the western might be more elastic than the critic will admit, the reader who trudges through Kass must eventually wonder whether the ethicist is confusing the map with the territory. Conservatives have long been known, in William F. Buckley's famous phrase, for standing athwart history yelling "Stop!" But when did they start insisting that history which does not go their way isn't actually history at all?

Imagine what will happen when the Goths and gangstas get their hands on biotechnology. The world will be awash in designer tumors and transparent skin.

On closer examination, what worries these writers isn't that human nature might change in the future. It's that human nature might not be what they think it is right now. Will is scared that children will be transformed "from an unscripted surprise into someone's artifice or project," reducing the child to "an extension of a person's will." But this objection only makes sense if you *can* manufacture completely planned prefab people. Scientifically speaking, that isn't just dubious; it flies in the face of what the new genetic discoveries are telling us. You might not guess it from the potted popularizations in the press, but a man is more than the sum of his genes, just as the decor of a house is more than a surveyor's map of the land it sits on.

But pretend, for a moment, that this view of human beings is accurate—that we can be reduced to genetic inputs and programmed for life. In that case, genetic selection would not violate human nature; it would merely demonstrate that the traditional conservative view of human nature isn't accurate. Will's objection thus amounts to little more than philosophical insecurity.

OK, so say we drop the pretentious talk about the abolition of man. Cloning, genetic selection, and the like still pose some serious moral questions—right?

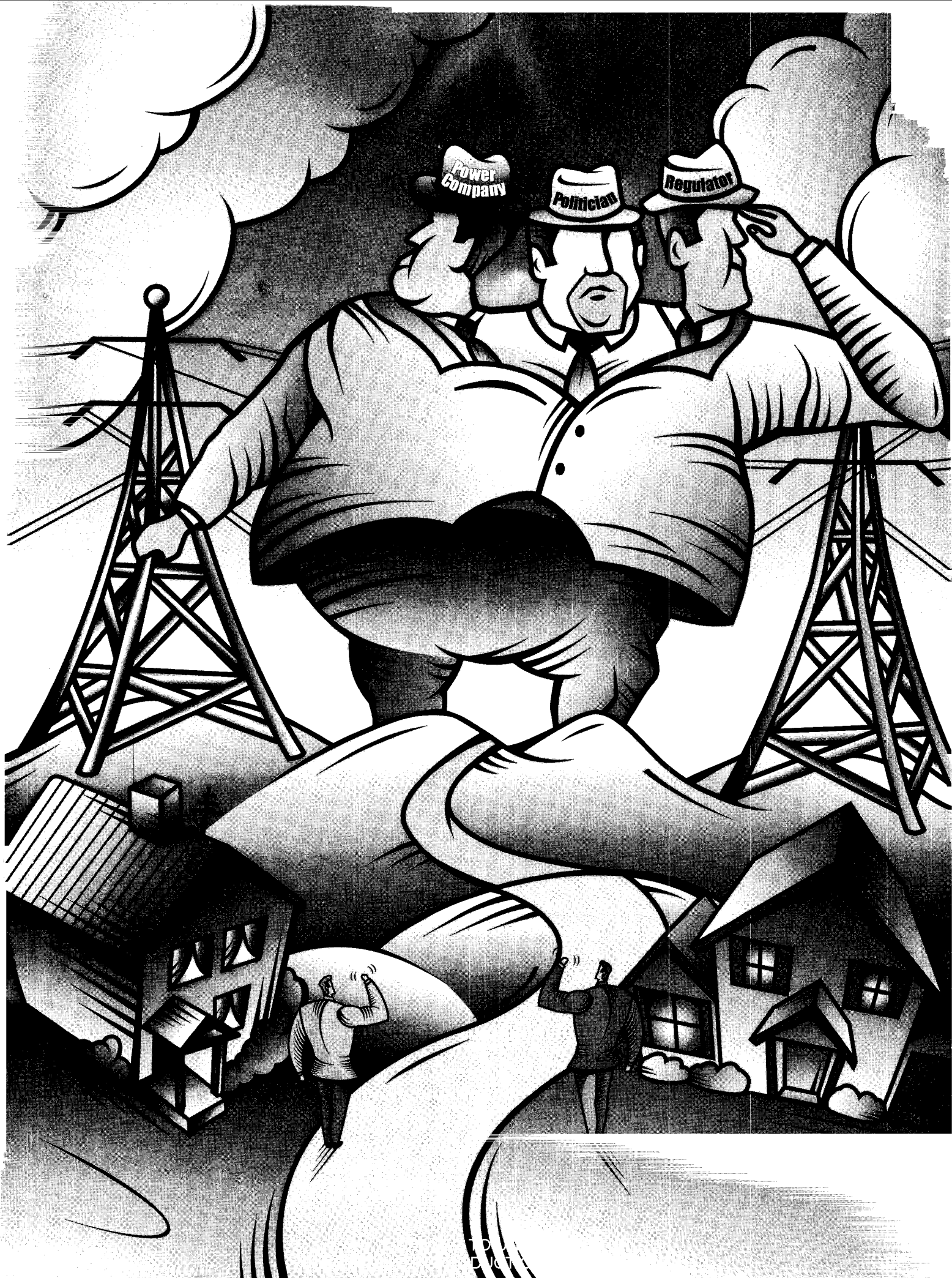
Of course they do. But those questions aren't really new, and they don't involve issues as abstract as "human nature." Reproduction has always involved questions about parents' obligations toward, and power over, their offspring. The form that reproduction takes is almost beside the point.

D'Souza, incidentally, says parents shouldn't be allowed to alter their children's genetic endowment, because this would subvert the child's "self-determination." Ignore the implicit assumption that the fetus would otherwise select its own genetic makeup, and reflect instead on the fact that a prominent conservative writer is objecting, in essence, to *parental authority.* With Tories like these, who needs anarchists?

Maybe it's a mistake to peer too closely at these arguments. The real fear at work may have less to do with what biotech might do to humanity than with what human beings might do with biotech, particularly those human beings who don't take their cultural cues from *The New Criterion.*

Imagine what will happen when the Goths and gangstas get their hands on biotechnology. The world will be awash in designer tumors and transparent skin, and the next George Will will throw up his Day-Glo pseudopods, search for a suitably portentous way to express his anxieties, and declare that human nature is under fire—again.

Jesse Walker (jwalker@reason.com) is an associate editor of REASON.


Power Company
Politician
Regulator

Power Tripped

Faulty re-regulation turns out the lights in the Golden State

Dominic Ciolino has had many headaches in the 13 years that he's owned Dominic's, an intimate restaurant specializing in Sicilian cuisine. But his electricity bill—which hovered around $700 a month—wasn't one of them. That changed last summer, when Ciolino first heard about San Diego's electricity problem on the evening news. "I thought, 'That's cool, whatever,'" says 52-year-old Ciolino, whose restaurant sits in Escondido, California, a blue-collar community about 30 miles north of San Diego. "Then I looked at my bill and said, 'Holy shit.'"

At the peak of the crisis last summer, Ciolino's monthly bill from San Diego Gas & Electric nearly tripled to $2,000, as electricity rates in San Diego jumped from under 4 cents per kilowatt-hour in May to roughly 13 cents in July. Although his electricity bill has shrunken back to about $1,200 a month, last summer's increase devoured his savings and the current cost is gobbling up what used to be his profits. "I had to go to my kitty," recalls Ciolino. "The thing is outrageous. How the hell do you run a small business like mine? You try to put a little money away and you can't."

TIM WEBB

At least he's still in business. Seeing no relief from his own $2,000-a-month electricity bill, fellow San Diego County restaurateur Steve Gramzay shuttered his 4-year-old Le Peep Grill, a popular breakfast spot in the beach town of Encinitas. "There's no sense in banging your head against the wall," Gramzay told the *North County Times*.

But bang their heads against the wall—and shake their fists at power companies, politicians, and regulators—is exactly what thousands of San Diegans did last summer, when their electricity bills spiked like the Nasdaq used to. Businesses dimmed their lights, turned up the thermostat, and shut down appliances in order to save power. Individuals turned off air conditioners and sweated it out. And they protested. "The more people talk about it, the more you will get politicians listening," 40-year-old Pam Ashby told *The San Diego Union-Tribune* last August while protesting outside the Sempra Energy building, headquarters of San Diego Gas & Electric's parent company.

San Diegans were the first, and in some ways only, Californians to experience the full effect of the state's now-notorious electricity crisis. Electricity was in short supply throughout California last summer—reflected in wholesale price spikes of 700 percent—and it remains so at press time. Indeed, rolling

By Michael W. Lynch and Adrian Moore

blackouts have even dimmed the lights in places as unused to scarcity as Beverly Hills. But SDG&E was in the unique position of being allowed to charge its customers the full cost of power.

Elsewhere, government-mandated retail price caps were still in effect, which kept consumers' bills steady. It was the utilities—PG&E in the North, Southern California Edison in the South—that were looking at their bills and exclaiming, "Holy shit." Buying power for as much as 75 cents a kilowatt-hour and selling it for a measly average of 12.5 cents a kilowatt-hour, the utilities ran up billions of dollars in bills to power suppliers that they couldn't pay.

Of course, it wasn't only utilities and San Diegans that were affected. Energy-hungry businesses found themselves without power, either because they had signed "interruptible" contracts (in exchange for a lower rate, they agreed to go without electricity in times of extreme scarcity) or because they simply couldn't get power. Miller Brewing Co., which lost power 24 times between June 2000 and January 2001, shifted production from its Irwindale plant to Dallas, idling 750 workers. Steel plants shut down, leaving thousands of workers at home, and the production of such essentials as potato chips, pork rinds, and cottage cheese fell victim to the power shortage. As of press time, the lights have gone out five times in California, including twice in March, when demand was roughly half of what it's expected to be in the summer period. Expect to read more tales of people stranded in elevators and staring at darkened movie screens.

The Blackout Bandwagon

Why is cutting-edge California experiencing a power crisis worthy of Cuba or North Korea? "Capitalism is falling apart," vented *Los Angeles Times* columnist Robert Scheer in late December. "The result [of deregulation] is now bordering on catastrophic with utility companies demanding enormous rate increases or they will declare bankruptcy." Likewise, MIT economist and *New York Times* columnist Paul Krugman blames "placing blind faith in markets." "California's deregulation is a colossal and dangerous failure," declared Gov. Gray Davis in his January State of the State speech.

Only Scheer totally misses the mark, as capitalism isn't falling apart and has little to do with California's energy crisis. But it's true that a sort of blind faith in markets—academic blind faith in the spot market, to be more precise—helped turn the lights out in California. And the state's deregulation *is* a disaster, à la Davis. The governor's only problem—and

Electrifying Performances

California's senators' responses to the energy crisis

By Carolyn Lochhead

It was a great Di Fi Moment.

On January 31, Dianne Feinstein, the senior senator from California, gazed down from the dais of the Senate Energy and Natural Resources Committee and lambasted out-of-state electricity producers for charging outrageous prices to Golden State utilities during the wee hours of the morning.

California consumers, living for weeks on the edge of rolling blackouts, were mostly asleep at 3 a.m. and demand should have been low, Feinstein argued. But wholesale electricity prices went as high as $2,400 a megawatt-hour.

Feinstein wants temporary federal price controls on wholesale electricity. She says that will give California breathing room during its energy debacle. The reactions of Feinstein and her junior colleague, Sen. Barbara Boxer, to California's energy woes are instructive. Though neither had a direct hand in the misguided restructuring plan, they nonetheless suggest why it will be a long time before things get back to normal.

Finding little traction that day, Feinstein delivered one of her signature blasts, developed during her days as mayor of San Francisco and honed by years on the political stage. It was part threat to the producers, veiled in a call for moderation, and part plea, clothed in an offer of mediation.

She acknowledged, as everyone does now, that California went astray when it freed wholesale electricity prices but left consumer rates fixed. She listed things the state has done, from increasing retail rates 9 percent to speeding approval of power plant construction. She said she had urged Cisco Systems chief executive John Chambers and the mayor of San Jose to drop their opposition to a new generating plant in their backyard.

"However," Feinstein continued, in a soliloquy aimed squarely at placing the chief blame with the producers, "when spot power at 3 a.m. in the morning is 500 times higher than it would be normally, that to me, in my simple self, is price gouging, any way you look at it. So I am making a request—which you can ignore—as the senior senator from the state involved, that you go back to your CEOs, and you ask them, 'Please, don't price gouge. Please, California is trying to work their way out of this situation. Give them an opportunity to do so.' I'm going to be around here for six years. I'll be on this committee, and I'm going to watch the situation.

"All of you have made a lot of money off of this. And I don't begrudge that. All I'm asking—you can ignore it—is to please give this state an opportunity to work its way out. Please recognize that if you're going to sell power at 3 a.m. in the morning and charge 500 times the going rate, that there are some of us that might look at that as very real and very profound price gouging....

"Now, you may say, 'Well, she's very naive to say this.' But in my nine years as mayor of San Francisco, I had a relationship with CEOs, that anytime I went to them, and asked them to do something voluntarily for the city, I never was turned down.

not an insignificant one when it comes to diagnosis and solutions—is his choice of words. It isn't deregulation that is a disaster in California, but re-regulation. Contrary to all the hand-wringing and accusations, the state never deregulated its electricity industry in the first place.

Roughly half a decade ago, energy deregulation became big buzz in Sacramento, when it dawned on politicians and business leaders that the state's relatively high energy prices were hurting its economy. Other countries had lowered energy costs by opening services traditionally delivered by public utilities to something like market competition, so why shouldn't California? In June 1994, on the day after Nicole Brown Simpson was found dead, the California Public Utility Commission opened hearings on deregulating the state's electricity market. By late 1995, it had completed a plan, and in 1996, state Sen. Steve Peace (D–El Cajon) decided to step to the front of the parade. He gathered the relevant players—big industrial customers, utilities, environmental groups, consumer groups, and the state's utility regulators—and put together an electricity-restructuring bill that passed the legislature unanimously and was eagerly signed by Republican Gov. Pete Wilson.

Such legislative unanimity was the first sign of trouble; whenever that much consensus is reached, especially on a topic that traditionally causes a lot of friction, you can safely bet something screwy is going on. But the restructuring plan was so popular—and so hurried—that there was little time for anyone outside of Peace's working group to really peruse the 67-page law, much less debate its wisdom. Instead, everyone was left to trust that the involved parties had gotten it right.

Some observers did sound alarms at the time. "Two things should be obvious," said former chairman of the Wisconsin Public Service Commission, Charles Ciccehetti. "First, none of this should be called deregulation. Second, it is difficult to see how any of these myriad regulatory schemes, unless altered significantly...will lower prices." The New York Mercantile Exchange, experts in the creation and function of commodity markets, sent the California Public Utilities Commission a memo predicting that the new rules would result in less competition, less product and service information, higher prices, lower consumer value, and higher costs.

But none of that mattered. Everyone involved—the pols, the environmental groups, the power providers—wanted it to work, since, like any successful political coalition, it contained something to placate all the different players.

Politicians, claiming the plan would provide consumers with more choice and lower prices, funded an $87 million

"[Pacific Gas & Electric] knows that....They always responded. And Chevron responded. Bank of America responded. Every big corporation in the city.

"This is really the first industry I've seen—the power generation industry—that really is willing not to care what happens, not to care about the people that are being thrown out of jobs now, about the small businesses whose rates are going up dramatically.

"All I want to do is ask you to relay that message to your CEO. He can tell me to get lost—that's OK—but if you just do me the favor, just relay that message, I'd appreciate it."

After Sen. Feinstein wrapped up, Keith Bailey, president and CEO of The Williams Companies, an Oklahoma energy supplier, responded. "Senator," he said, "I don't have to go home to relay it to the CEO because I am the CEO of Williams." Bailey insisted that costs are "driven by competitive markets...and that's the reality."

Sen. Boxer has been less engaged than Feinstein in the power fiasco. Still, she has been quick to side with the consumer groups that wield enormous clout in California. Boxer introduced a flurry of legislation that she said would "bring an end to chronic electricity shortages, while providing Californians with much-needed financial relief."

One bill would impose a windfall-profits tax on energy suppliers. The 100 percent tax on any profits deemed "unreasonable" by regulators would go into a trust fund to provide rebates to consumers. Another would require utilities to tell consumers how much electricity they use during peak hours and how much that power cost the utilities.

At the same hearing, Boxer said she wanted "to expose the myth that environmental laws are responsible for the electricity crisis," placing a *New York Times* editorial into the record. But even she acknowledged that faux deregulation was a mistake. "You're right, Mr. Chairman [Sen. Frank Murkowski (R-Alaska)], when you say that the deregulation that was pushed in California by Pete Wilson—and the legislature, Democrats and Republicans together—didn't fully deregulate," she said. "It said you can't pass the price on to consumers. However, Mr. Chairman, I would say to you, if in fact [utilities] could, prices could go up, you know, 1,000 percent, 600 percent. So I ask you, whether in the real world, consumers would accept that kind of increase?"

Consumers surely would rather not see that sort of price hike. Politicians, despite their role in creating such problems, want to be associated with soaring energy costs even less. But they may ultimately have little choice, and the paralysis that the prospect of rate increases inspires in California's politicians now may only exacerbate problems later.

"The last thing elected officials in general want to be associated with is outrageous electric bills or outages," says John Fielder, a senior executive with Southern California Edison. "But both of those are certain." ◆

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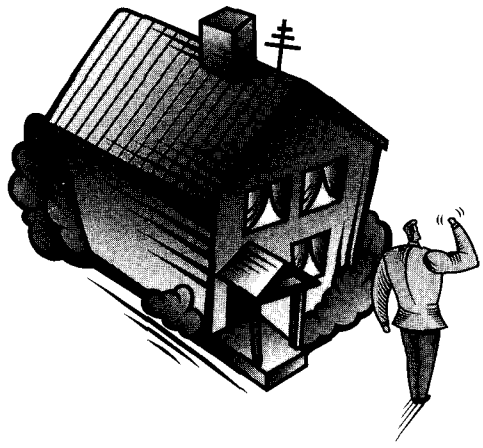

The California scheme ma
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propaganda campaign to spread the good news throughout the state. Big businesses figured their purchasing power would mean lower prices. Consumer groups didn't kick up a fuss because they had secured plenty of restrictions on how the utilities could operate; they also got an immediate 10 percent rate cut and price caps. Environmental groups were able to maintain the status quo on environmental rules, including where power plants could be placed; they were additionally titillated by the prospect of environmentally friendly power competing against dirty juice. Utilities got billions in subsidies to retire old debt. And the regulators got to keep their jobs.

How It Doesn't Work

Here's the basic outline of how the restructuring was designed to operate: Seeking a closely managed system, the state's politicians passed over a more freewheeling "direct access" model, in which businesses and residential customers would enter into agreements with utilities, generators, or whomever they wanted for power. Instead, the wise legislators created an actual centralized marketplace called the Power Exchange (PX) in a building in Pasadena. They prohibited utilities from contracting for power in advance, mandating instead that *all* electricity must be bought and sold there in day-ahead and hour-ahead spot markets. So all the companies that generated electricity for the California market and all the utilities that delivered that electricity to consumers had to hash out prices daily in that one place. The law allowed the PX to mandate that all the utilities pay the same—and highest—price offered on any given day.

Utilities, both established and new, would seek to deliver the power they purchased at the PX as cheaply as possible. Prior to restructuring, California's public and investor-owned utilities generated most of the power that they sold. But under the new rules, investor-owned utilities were given a strong financial incentive to sell off at least half of their fossil fuel–fired power plants, since vertical integration, like passing out free Web browsers, is supposedly dangerous to consumers. If utilities didn't divest, they were ineligible to dip into a slush fund to pay off bad investments in other power generating facilities. Before restructuring, the utilities self-generated 72 percent of the power they sold. By August 2000, they generated just 20 percent of the power that passed over their lines, purchasing the rest on the market.

Additionally, utilities were allowed to charge their customers a "competitive transition charge," which almost offset the 10 percent rate cut and allowed them to recoup their "stranded costs," a euphemism for stupid investments in inefficient plants often made at the behest of regulators. They sold their plants for 1.75 times book value, pocketing a total of $3.2 billion. A package of SDG&E peaking plants—those that fire up in times of shortage—sold for 3.8 times book value. That anyone was willing to pay such a premium price for the plants was a sign that the market was predicting scarcity in the future.

The utilities also got a cartel scheme worthy of trial lawyers and big tobacco. First, the state agreed to "securitize" the recovery of stranded costs, meaning the state sold bonds to pay off the utilities' bad debts up front (utility customers have been paying off the bonds through the transition charge). Better yet, any new power providers entering the restructured California market had to charge customers the same "competitive transition charge" and hand the money over to the state.

The net effect was predictable: Between the price controls and the rate cut, any new competitor entering the California market would have to price their juice so cheaply that it wouldn't be worth the effort. So few companies made one. At first, such sophisticated and aggressive players as Enron, Duke Energy, and Green Mountain Energy entered the market. But despite dispatching hundreds of sales reps and spending $5 million, Enron fell well short of its goal of signing up 700,000 new customers in a few weeks. It acquired a mere 30,000 customers and ultimately pulled out of the market. In all, only 1.7 percent of residential customers and 13 percent of total load changed companies. No competitor to SDG&E ever tried to lure Ciolino, the San Diego restaurateur, away from his traditional power supplier.

Early on, the new setup produced a windfall for established utilities. PG&E, SDG&E, and Southern California Edison, all of whom are crying foul now, pocketed $10 billion in profits—a combination of the mark-up on the power they sold

e many things, but a deregulated market it certainly aws lifted some rules on electricity generation but n the operations of the state's utilities.

to customers, revenue from selling off power plants, and revenue from bonds to pay off their stranded costs.

Here's the final part of the restructuring plan: The utilities still owned the electricity grid over which power was transmitted, but they no longer operated it. Instead, politicians created a nonprofit, quasi-governmental organization called the Independent System Operator, or Cal-ISO for short. If the utilities were unable to secure enough power on the PX, the Cal-ISO purchased whatever extra was needed to keep the state's lights on and sent the bills to the utilities. Even the ISO was prevented from entering into contracts for power.

Spot Market Pagans

"California wanted to rely on short-term power," says California State University at Fullerton economist Robert Michaels. "They thought they could foist an academic vision of what the market is on people, instead of dealing with the power market that was. Outside of California, there is a diversity of power sources, including some short-term power traded at hour-ahead and day-ahead markets, and some power traded at months and years ahead. There's power where I have an ownership claim on someone else's generator. Some is interruptible, some reliable. There are just all these different dimensions. California restricted itself to one kind that was only a small fraction of the real variety out there."

Robert Levin of the New York Mercantile Exchange agrees, though he's less charitable in his comments. "The essence of the California vision is complete stupidity," says Levin. He notes that it was designed by well-intentioned academics, who, although expert in electricity regulation and economic theory, had no experience in the real world of bilateral contracts and markets. "They deliberately and artificially made the spot market—the most volatile market—the primary market," explains Levin, who later adds, "I call them spot market pagans. They pray to it."

The PX price was only the "market" price paid for electricity in California, and that was under totally rigged circumstances. But what consumers paid for energy had nothing at all to do with any market, even the constrained PX one. Consumer rates were effectively set by the government, which capped them at roughly the 1995 level until 2002, or until a utility paid off its stranded costs. (This last point explains why customers of SDG&E got socked with massive increases: The San Diego–based utility, partly as a result of the huge price it got for selling off its power plants, was the first—and only, so far—California utility to pay off its stranded costs. Hence, SDG&E was free to raise its retail prices to reflect the increase in wholesale prices.)

Now this scheme may be many things, but a deregulated market it certainly isn't. The Airline Deregulation Act of 1978 actually eliminated the Civil Aeronautics Board, along with many of its regulations. The 1980 Motor Carrier Act dramatically cut back the Interstate Commerce Commission and its role in controlling interstate trucking. In contrast, California's electricity restructuring law did not shrink the state Public Utilities Commission, and in fact *added* two new state bodies—the PX, to control all transactions between utilities and electricity generators, and the Cal-ISO, to take over control of the state transmission grid. The restructuring law lifted some rules on electricity generation, but imposed many more on the decisions and operations of the utilities.

There are plenty of clues to suggest that a true market for power never existed in California and that everyone knows it. In fact, Robert Scheer's outrage at utilities demanding "enormous rate increases" is one: Companies operating in the market don't ask permission to adjust prices. Another came when Public Utilities Commission head Loretta Lynch was asked why the PUC was taking months to act on requests by utilities to approve long-term contracts: "You just can't allow *any* contract," she replied (emphasis added).

But the lack of a market that could handle fluctuations in supply and demand didn't matter much, as long as electricity was plentiful and wholesale prices remained sufficiently under the politicians' price caps. That was the situation, until last year. "We started out with 30 percent excess capacity," former PUC commissioner P. Gregory Conlon told the *Los Angeles Times*. "We thought we had enough time to get this up and running." Says Gary Ackerman, executive director of the Western Power Trading Forum, which represents power generators, "The assumption that wholesale power would remain cheap and that there would be no new generation needed

until after the transition period turned out to be false."

Did it ever. Times have been great in California over the past few years: The economy has been working at capacity; more people have moved into the state; folks have been buying and air conditioning larger homes; they've been surfing the Internet and powering up all sorts of new appliances; golf carts have been filling up the state's fairways. Everything, in short, has been expanding in California since the restructuring, a situation that creates more and more demand for electricity.

The Ostrich Approach

There may be only one area in which California has not been growing: the number of power plants. It's difficult to get a permit and a site for a power plant in California, be it in an economically depressed area clamoring for jobs or a high-tech Mecca that demands power. Although no definitive study has been done, it's generally agreed that a power plant that takes two years to build in a business-friendly state takes at least four years in California. Sunlaw Energy Co. wants to build a $256 million natural-gas-fired plant in South Gate, a blue-collar city in Los Angeles County. The plant is projected to bring in $6 million in annual tax revenue and $1 million in neighborhood improvements—neither of which has been enough to assuage community activists who are fighting the plant.

In the Bay Area, new economy behemoth Cisco Systems is leading the charge against a proposed Silicon Valley power plant that makes so much economic and environmental sense that even the Sierra Club supports it. "If there's ever a place that needs a power plant next summer it's the Silicon Valley," says Beth Emery, who served as the general counsel for the Cal-ISO from November 1997 to November 1999 and is now specializing in energy law in the D.C. office of the law firm Ballard, Spahr, Andrews & Ingersoll. "These people have lost their minds." During last summer's crisis, activist groups killed a proposal to float an electricity-producing barge in San Francisco Bay—even as the city faced blackouts. The result of all the obstruction: From 1996 to 1999, electricity demand grew by 12 percent while supply grew by less than 2 percent, according to the California Energy Commission.

That alone would have placed the system under stress. Indeed, the Cal-ISO road-tripped to San Diego in the spring of 1999 to host meetings and to warn anyone who would listen that if nothing was done to get more power on line soon, the lights were going to go out. When the summer turned out to be mild, it looked like a case of Chicken Little. But by last year, a number of shocks, ranging from unusual weather to a shortage of natural gas, combined with the rigid regulatory system, turned the Cal-ISO's prediction into reality.

"Anything that could go wrong did," says Emery. "High temperatures, lack of adequate resources, inability to get the right regulatory policy through, and then, to top it off, it's like every decision the governor and the commissioner had

Keystone Success

Why Pennsylvania's plan has worked—so far

By Michael W. Lynch

The only problem 47-year-old computer consultant Keith van Brunt has with electricity deregulation is that it didn't come soon enough. "I couldn't wait to change companies," says van Brunt, who recently received a $25 gift certificate to Home Depot when he switched power companies. "It was painless. I signed up online."

Since 1996, 24 states and the District of Columbia have embarked on some sort of restructuring, all with the goal of a more market-oriented energy system. California, in the words of its governor, has proven a disaster. Others, such as Massachusetts and Rhode Island, have treaded water, with few customers switching companies and few companies entering the market. Pennsylvania, home of the country's first electrician, Benjamin Franklin, has been hailed as a success by everyone from the state's governor to its residential customers.

The Keystone State had the country's 11th most expensive electricity when lawmakers tacked an 84-page electricity-restructuring plan onto a one-paragraph bill allowing taxicab drivers to keep their cars for two extra years. At the time, seven utilities served most of the state's 12 million residents. No one had a choice. In Philadelphia, prices were especially high and service considered poor. "They couldn't even read a meter," says van Brunt, who had the electricity to his Philadelphia row house shut off because his utility, PECO, didn't read the meter. "They were horrendous. One time I ran into a meter reader on an adjacent street. I said, 'You have to read my meter now,' and she replied, 'That's not my street.'"

Electricity choice in Pennsylvania proved as popular as school choice in the inner city, with nearly 1 million customers vying for 280,000 spots in a 1998 pilot program. By January 2000, every citizen and business in the state could choose an electricity generator.

Since the first customers started switching in January 1999, rates have dropped 18 percent; 130 power companies now operate in the state. One quarter of the total load has switched companies. Nearly 10 percent of residential customers have chosen a new power company, and 20 percent choose to pay more for green power.

"Pennsylvania's story has been a success story," the chairman of the Pennsylvania Public Utility Commission, John Quain, told Congress in mid-February. "When Pennsylvania passed electricity competition in 1997, rates were, on average, 15 percent higher than elsewhere in the

made compounded rather than helped solve the problem."

Jerry Taylor and Peter Van Doren of the Cato Institute chronicle the shocks in a forthcoming study. The price of natural gas, which fuels 49 percent of California's electricity and nearly all of its peak power, shot up in 2000. In 1998–99, natural gas was selling for $2.70 per million British thermal units (Btu). By December 2000, it was selling for $25 per million Btu, and spiking as high as $70. In addition, one of the four pipelines that supply natural gas to Southern California was shut down for much of August due to a break.

Three years of dry winters in the West left California, and other Western states, short of hydropower, with California's average hourly hydropower output dropping 40 percent from 1999 to 2000.

California's clean air regulations also boosted the cost of producing power. Since 1994, California has had a trading system for nitrogen oxide (NOx) emissions that forces utilities to purchase pollution credits in order to generate power. In the winter of 1999, the credits were selling for $2 a pound. One year later, they were selling for as high as $40 a pound. (Plants emit between one and two pounds of NOx per megawatt-hour of electricity. In January, regulators waived the permit requirements for generators.)

On the demand side, a hot summer and cold winter boosted demand. Like Spike Lee at the Academy Awards, the Golden State just couldn't catch a break. The result: On June 29, 2000, electricity was wholesaling on the PX for 43 cents per kilowatt-hour (roughly enough power to run a big-screen TV for a seven-hour Clint Eastwood movie marathon). That was seven times higher than the price had been on equally hot days in June 1999.

In a real market, utilities would have passed on most or all of that increase to customers, as SDG&E did to Dominic Ciolino and others in San Diego County. And customers would have either sucked it up or started using less energy. But with retail prices fixed at roughly 12.5 cents per kilowatt-hour, the state's utilities had to reach into their pockets to purchase the power at a huge loss. They figured they could do it for the short term. But the short term never ended. The utilities' losses mounted, approaching $15 billion when PG&E filed for Chapter 11 protection on April 6.

Shades of Gray

Faced with these problems, Davis has worked tirelessly to shift both the cost and the blame for California's mess. Wedded to retail price controls that were bankrupting the utilities—his primary goal seems to be that no voter's electric bill will increase on his watch—he asked the federal government to put price controls on out-of-state generators and force them to sell power to California. "Never again can we allow out-of-state profiteers to hold California hostage," Davis ranted in his State of the State address. "Never again will we allow out-of-state generators to threaten to turn off our lights with the flip of a switch."

United States. Today Pennsylvanians pay rates, on average, 4.4 percent lower than elsewhere in the United States."

A combination of good fortune and good law not only allowed the state to avoid California-style blackouts, but to save an estimated $3 billion on power since 1998. That said, Pennsylvania's law is in some ways similar to California's. The plan funneled money to utilities to pay off bad investments and in exchange, retail rates were capped.

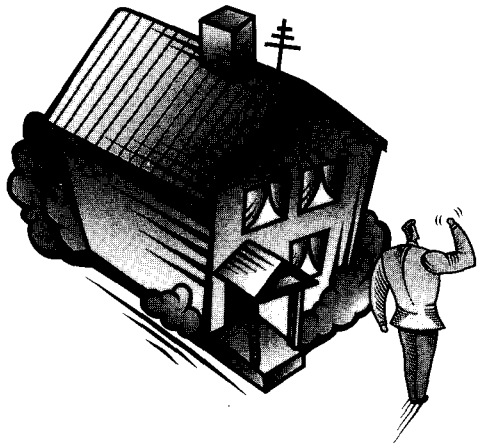
But unlike California, utilities weren't forced to sell off their generating capacity and they were allowed to enter into forward agreements for power. Pennsylvania didn't set up a mandatory power spot market. The state allowed direct retail access. Generators can and do enter into direct deals with commercial and industrial users.

The state also benefited from good circumstance. The PJM Interconnection had been running an integrated power grid for Pennsylvania, New Jersey, Maryland, Delaware, D.C., and part of Virginia since 1927. That greatly eased the transition. Power supply is plentiful. The PJM can call on 57,000 megawatts for its 9.5 million customers. The Cal-ISO, in comparison, has roughly 45,000 megawatts for 10 million customers. And since 95 percent of the state's electricity comes from nuclear or coal fired plants, the natural gas price spike didn't send the wholesale price cost through the roof.

Electricity choice has, not surprisingly, been most enthusiastically embraced in areas with high rates, like Philadelphia. In the City of Brotherly Love, there's little affection for the old monopoly utility, PECO, which has seen 45 percent of its industrial, 44 percent of its commercial, and 18 percent of its residential load go elsewhere. In areas where rates were already low for the residential user—such as State College and Butler—customers had fewer choices and fewer availed themselves of them.

Pennsylvania, while a success so far, ought not to be mistaken for a totally free market. Van Brunt complains that the power still comes over PECO's lines, and PECO sends him the bill. And the state caps retail prices. If power becomes scarce, or the area experiences fuel shocks comparable to California's, Pennsylvania will have the same debilitating disconnect between retail price and wholesale cost that's destroying California's system.

"The only reason that Pennsylvania hasn't melted down like California is that they don't use natural gas in the wintertime," cautions Jerry Taylor, director of natural resource studies at the Cato Institute. "If they did, they'd be in the same boat, and we'd be laughing about Pennsylvania instead of California."



"Armageddon is on th able-bodied commercia are having trouble keepinç

Davis accuses power generators of manipulating the market, shutting down some plants, and withholding power to raise prices, and their profits. His suspicions were bolstered by the research of MIT economist Paul Joskow, who found that power generators were making more money than would be expected if wholesale markets were charging competitive prices. Davis set aside $4 million to fund an investigation by the state attorney general into price manipulation—never mind that federal and other state agencies were already making their own investigations. In mid-March, the Cal-ISO released a report claiming that, based on the costs of inputs, power generators had overcharged California utilities $5.5 billion for power purchased since May 2000. In the same month, the Federal Energy Regulatory Commission, which oversees wholesale energy markets, ordered wholesale power suppliers to refund $124 million in what it considered overcharges.

Yet it's far from clear that anyone was manipulating the market, let alone breaking any law. Economists Nguyen T. Quan and Robert Michaels point out that power sellers can make between 450 and 1,000 bidding decisions each day in California's market. The models used by Joskow and others to measure market manipulation take into account only a handful of bidding choices, and therefore are unable to distinguish between market manipulation and simply good business decisions. The usual accusation is that electricity generators withhold power from the day-ahead market so they can sell it in the hour-ahead market, when utilities are over a barrel to meet customer demand. But research by the University of California at Berkeley's California Energy Institute found that prices are just as often higher in the day-ahead market, and that companies cannot make higher profits just by withholding power to sell in the hour-ahead market. A Federal Energy Regulatory Commission investigation, which wrapped up in February, concluded that power plant outages were based on legitimate business grounds and not designed to raise prices.

"I don't know what market power means in this context," says Michaels. He insists that the relevant benchmark for price isn't the cost of generating power, but the price at which it can be sold in other markets. "There's not much evidence of anyone withholding power. Sure, the power is over cost, because demand is highly inelastic. But I don't call that market power. I call that equilibrium." Adds the Mercantile Exchange's Levin, "They invented a doomsday machine, and they want to blame the people who used it."

California's policy response has been even worse than Davis' jawboning. The first response came in July 2000, when the state reimposed price caps on SDG&E. "People conserved when the prices went up," says the Cal-ISO's Emery. "Then they capped prices and usage went back up. So this summer there's no incentive for people to conserve."

A January Public Utilities Commission order "temporarily" raised rates about 9 percent, but left the utilities still selling most of their power at a loss. By then, the utilities owed roughly $12 billion to suppliers and were unable to finance the purchase of any more power. In response to the situation, Davis called a special session of the legislature, which authorized the state to purchase electricity for delivery to customers. By mid-February, California was spending $45 million a day on power, and by early March the state's expenditures had already reached $3 billion.

In February, the legislature passed a $250 million conservation bill designed to cajole consumers into switching to energy-efficient appliances and battery-powered MP3 players. It authorized the creation of a state power authority: the California Consumer Power and Conservation Financing Authority, which can issue bonds to build power plants. (The bonds will be paid off with revenue from selling the power.) The legislature is working on bills to authorize the state to buy the transmission lines from the utilities, the tab for which is expected to be between $7 billion and $9 billion. If they don't want to sell, Davis has threatened to use the power of eminent domain. In late March, the PUC defied the express wishes of Davis and voted to raise electricity rates by nearly 30 percent. It also authorized the state to sell up to $12 billion in revenue- backed bonds to pay for power it has already purchased and to keep the lights on through the summer. In April the legislature passed a $1.1 billion energy conservation package to do such good works as teach children about the importance of turning off lights.

"None of the proposals on the table solves the problem, which is structural," says Levin. "The state is really taking over the electricity industry. It's a march to Marxism and a

vay," prophesies one observer. "The state is not an gent. It's a patsy and everybody knows it. They he lights on now. And that's at 60 percent of load."

march to bankruptcy, we just don't know which march ends first."

More to Come

Davis was unwilling to allow the retail price of electricity to increase, to let the utilities go bankrupt, or to permit private buyers to purchase utility assets. (He hastily rejected an offer by the D.C.-based Trans-Elect to purchase the utilities' grid for $5.25 billion.) "Believe me, if I wanted to raise rates," the governor proclaimed on February 16, "I could have solved this problem in twenty minutes." His answer is a state bailout of the utilities. The only question on the table, it seems, is what form the bailout will take.

Davis first wanted the utilities' hydropower dams in return for the bailout, a plan he abandoned when an idea he liked better came along: options on the utilities' stock. But the California constitution doesn't allow the state to hold stock options, so Davis now proposes to buy the utilities' transmission lines. The common themes here are the state getting a piece of the action in exchange for billions of taxpayer dollars. "I give you a dollar; you give me a hot dog," is how state Sen. John Burton (D–San Francisco) describes the transaction.

Yet at least one of his colleagues, Tom McClintock (R–Thousand Oaks), isn't buying it. He estimates such a plan will stick each ratepayer with a $1,300 bill but do nothing to increase the state's power supply. "The ratepayers end up with the tab while the state ends up with the power lines," he explains, taking issue with Burton's frankfurter metaphor. "A more accurate description of the deal would be, 'You give me $1,300, and I'll give my friend a hot dog.' This kind of transaction usually requires a gun."

Yet Davis is getting considerable support for the takeover. Michael Shames, executive director of the Utility Consumer Action Network, points to four advantages of the state owning the grid. The first is financial, since the state would be able to issue bonds based on its full faith and credit. Savings will also accumulate, at least theoretically, since a state power authority will pay neither taxes nor dividends to investors. As a political entity, the state will be freed from much federal oversight. It will also be much more willing to cooperate with the state's municipal-owned utilities on grid maintenance and allocation. "Having the state purchase the transmission grid differs very little from the current status quo," says Shames, who maintains that the provision of electricity is inherently political. "The ISO will continue to run the grid; the utilities will continue to maintain the grid. The only change is literally on paper."

Others disagree, arguing that inefficiencies of political control will quickly overwhelm any possible financial advantage. They predict disaster. "They are on a full-bore Cuban-style recovery plan," says the Cato Institute's Jerry Taylor. "The state hasn't shown itself to be a particularly adroit player in electricity markets so far, and I doubt turning over the entire industry to these guys is going to make things better."

On April 5, Davis finally admitted the state faces a crisis and announced a plan to increase rates on less than half the utilities' ratepayers. His plan, which hinged on the utilities agreeing to sell their power grid, would provide the utilities with less money than the existing PUC plan. Unimpressed, PG&E filed for bankruptcy protection the next morning. Meanwhile, the state has locked in contracts for less than half the summer's expected load and experts are predicting blackouts.

"Armageddon is on the way," prophesies Levin of the New York Mercantile Exchange. He fully expects the lights to go out in California many times this summer unless its government wises up and forces businesses to contract directly with power companies for electricity. "The state is not an able-bodied commercial agent," he says. "It's a patsy, and everybody knows it. They are not buying that much power, and they are having trouble keeping the lights on now. And that's at 60 percent of load."

Such dire pronouncements are echoed by the Cal-ISO's Emery. "The summer is going to be worse than anything we've seen so far," she offers. "There's no easy way out now."

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RACING

The Great Pickup Stick-Up

Alternative fuel follies

By Sean Paige

When a friend phoned last year to say that the state of Arizona was about to buy him a brand new pickup truck loaded with all the luxury options, I took it with a grain of salt. I've known the government to do some stupid things, but buying new trucks for my successful banker friends just wasn't one of them.

Or so I thought.

But Arizona, in what may go down in stupid government lore as the Great Pickup Stick-Up, did in fact buy my friend a truck, or at least *most* of a truck, by offering rebates and tax breaks that slashed its $35,000 price tag by more than half. And it did the same for thousands of other Arizonans, turning what was supposed to be a modest $3 million initiative to encourage the use of alternative-fuel vehicles (AFVs) into a half-billion-dollar boondoggle that nearly bankrupted the state and earned it national belly laughs.

Before being shut down in mid-December, a mere seven months after becoming law, Arizona's AFV program had become what Republican Gov. Jane Hull called a "cancer" on the state's budget, costing its primary political champion his career and leading to at least one criminal probe. Bolstered along the way was the state's reputation as a petri dish for political chicanery.

The program backfired for many reasons: It was poorly conceived, it lacked safeguards against abuse, and the governor and her staff ignored early warnings that it was being exploited, as Arizonans rushed to game the system.

Compounding those structural and systemic shortcomings was the initiative's undeniable taint of cronyism. Its main political sponsor—former State House Speaker Jeff Groscost, who purchased two new trucks of his own through the program—reportedly was a close associate of a top provider of alternative-fuel conversion kits, gave alt-fuel interests a direct hand in writing the legislation, and had once earned tens of thousands of dollars consulting for the program's potential beneficiaries in the natural gas industry.

The incentives and subsidy levels were generous to a fault, with little understanding of their fiscal implications until too late. The state offered participants like my banker friend a lump-sum rebate of up to 40 percent of the price of a vehicle, which, when combined with federal and state tax breaks and a waiver of license plate and emission-testing fees, could easily slash a new truck's cost by as much as half. Yet another incentive that has rankled some Arizonans is allowing participants to use High Occupancy Vehicle lanes, even if they rode alone.

As word of the subsidies spread, Arizonans were quick to take full advantage. Car dealers reportedly jacked up prices on popular truck models as demand rose; participants added on expensive accessories, knowing taxpayers were paying for them; the cost of conversion kits jumped 30 percent; and regional corporations seized the opportunity to purchase fleets of work trucks or rental cars at half the usual cost.

Yet no guarantees existed to ensure that participants actually used alternative fuels. They needed only to pledge to burn 100 gallons of propane or condensed natural gas annually (which, in my friend's case, amounted to only two and a half refills of the 40 gallon propane tank mounted in the bed of his pickup). And even that was done on the honor system. News accounts indicate that many Arizonans disconnected their alternative-fuel systems immediately after having them installed, with little fear of penalties.

Because large, gas-gulping pickup trucks were the most logical candidates for conversion, they naturally became the vehicles most frequently used in the program. So in the end, thanks to loopholes and perverse incentives, an initiative meant to reduce air pollution and fuel consumption probably increased both.

In addition to missing clear signs that the program was out of control, Gov. Hull and her staff were criticized for not freezing the program immediately after the debacle became news, thus allowing a last-minute rush that heaped even more potential liabilities on the taxpayers. Meanwhile, with her popularity sinking, Hull turned on her erstwhile ally Groscost, accusing him of "betrayal" and suggesting he resign. She needn't have bothered: Groscost went down to a resounding defeat in November, thanks to the scandal.

In mid-December, the Arizona legislature met in an emergency session and narrowly passed a plan to halt the hemorrhage by shutting out 10,000 to 15,000 would-be participants. That may have saved the state $400 million. "This is one [bill signing] that's not a celebration of victory, but the beginning of an ending to a process that should never have happened," Gov. Hull said, bringing Arizona's alternative fuel program to an inglorious end.

KEN SMITH

But that too will probably come with a price. Some of the angry shutouts have filed a class action lawsuit demanding that Arizona abide by the original bargain, in spite of Hull's plea that participants voluntarily withdraw their claims against the program "for the good of the state."

Arizona isn't alone. Governments great and small have been relentlessly pushing alternative-fuel and low-emissions vehicle programs on a reluctant public, trying to bring new technologies and new markets into being through sheer political willpower. Typically, there's far too little appreciation for the technical challenges and costs involved. California is likely headed for a crack-up of its own AFV program, which requires that automakers, beginning in 2003, sell a set quota of zero-emission vehicles (ZEVs) and extremely low-emission vehicles in the state, whether or not the cars actually catch on with the motoring public. (See "Suing for Relief," below.)

The idea was born at the 1990 Los Angeles Auto Show, when then–General Motors Chairman Roger Smith, in a moment of bravado his industry has come to regret, boasted that his company could and would mass-produce the futuristic, battery-powered concept car there on display.

It was a boast that environmentalists took to heart and California lawmakers took too seriously. The result is a law that tries to dictate the tempo of technological innovation. But the battery technology required to fuel California's ZEV revolution has evolved much more slowly, and been much more expensive, than the law writers anticipated, in spite of massive public- and private-sector investment in the research effort. (See "Electric Go-Karts," page 46.)

This has led to repeated rollbacks of the law's unrealistic deadlines and quotas—most recently, the 2003 sales quota target for ZEVs has been reduced from 10 percent to 2 percent, though automakers will now be required to sell an additional 8 percent of extremely low-emission vehicles that same year. Those requirements, though an improvement over earlier mandates, have nonetheless brought a lawsuit from GM, which argues that the law imposes an unreasonable burden on industry to achieve a negligible improvement in air quality.

However, technological limitations aren't the only hurdle blocking the government's alternative-fuel fantasies. Despite continuous predictions that the era of "green" vehicles is upon us, alternative-fuel cars have consistently failed to catch on with the general public, for some stubbornly practical reasons. The vehicles might not exist at all were it not for heavy government mandates and costly taxpayer subsidies.

Buyers of cutting-edge low-emission cars tend to be novelty-seekers, gizmo geeks, or affluent environmental activists—Ed Begley Jr. types, for instance—willing to pay far more for a car that can do considerably less, usually in order to prove some larger point. "It's not easy selling someone a vehicle that costs twice the price and has half the utility," says one auto in-

Suing for Relief

GM takes California to court

By Marc B. Haefele

It's no surprise that trying to clean the air by getting people to drive electric cars is a California idea: It's the perfect melding of the Golden State's historic smog problems with its taste for utopian technological innovation. Yet the battery-powered electric vehicle may be a technological and commercial dead end, even as it remains central to the California air-quality program now being emulated by New York, Vermont, Massachusetts, and Maine. No wonder, then, that the biggest car maker, General Motors, and several of its dealers are suing for regulatory relief in state Superior Court in Contra Costa County.

In the late 1980s, utilities and environmentalists pushed for laws forcing the introduction of zero-emission vehicles to California's car lots. In 1990, the California Air Resources Board, which has broad powers to regulate emissions throughout the state, decreed that car makers would have to put a percentage of ZEVs in their showrooms for sale. The mandate was to be phased in through 2003, when 10 percent of all new cars offered for sale were to be electric. CARB relaxed that number several times, most recently in 1996 to 2 percent.

The board wanted to allow extra time for "a market-based introduction of ZEVs...and to promote advances in electric-vehicle battery technology." Originally, the mandate would have translated into some 170,000 ZEVs, but the figure was subsequently slashed to 22,000.

By 2001, however, only 2,200 battery cars were humming along California's freeways. Why? The major reason is that meaningful "advances in electric-vehicle battery" capacity just haven't materialized in a way that would make ZEVs economical to end users, even with massive subsidies and tax breaks offered along the way. There are some high-tech batteries that can take a small electric car more than 100 miles between charges. But they cost about $250,000 each, so the basic production-line ZEV—typified by General Motors' sleek two-seater EV-1—relies instead on a lead-acid cell battery that gets about 75 miles to the average charge and adds 60 percent to the cost and weight of the car. (The worn-out batteries are also difficult to dispose of.)

Manufacturers contend that the average customer visiting a Saturn dealer (the EV-1's licensed vendor) would be more attracted to a $19,000 4-door Saturn sedan than a 2-seater EV-1 with an ostensible price tag of $35,000 (which could, in fact, only be leased at $499 a month). Given the higher price and relatively shoddy mileage, demand for battery-powered ZEVs has not developed—despite a passel of tax incentives. Discouraged

Buyers of cutting-edge low-emission cars tend to be novelty-seekers, gizmo geeks, or affluent environmental activists willing to pay far more for a car that can do considerably less.

dustry insider. "When you drive an electric car, all you're thinking about is how you're going to get there, where you will refuel when you do, and whether or not you'll make it back," he says. "And all for $20,000 to $30,000 more than a conventional car."

General Motors might have been able to fulfill Roger Smith's auto show boast were it the only company in the zero-emissions game, but California's across-the-board mandate, applying as it does to all automakers, means that every large manufacturer is after a major share of a tiny market, making it highly unlikely that any one of them will ever meet the state's mandates. "Political correctness has overtaken common sense," says one official at GM, "and no one wants to admit to the environmental community that this is a dead end road."

Meanwhile, New York state is blithely following California into the same cul-de-sac, with its recent requirement that by 2004, 10 percent of cars, light trucks, and SUVs sold in the state use alternative fuels. And Massachusetts and Vermont are set to follow suit, too.

The federal government has been trying to spur on alt-fuel technologies, and forcibly create a mass market for them, since the Energy Policy Act of 1992 led to massive taxpayer support for research and development projects like the Partnership for a Next Generation Vehicle and grants to help cities acquire alternative-fuel buses and autos. It also attempts to create an artificial market where no natural market exists, by requiring federal- and state-owned vehicle fleets to include an incrementally greater percentage of AFVs over time. By 2010, the feds hope, fleet mandates will help reduce conventional gasoline use by 30 percent. Billions of dollars have been spent—critics would say wasted—in the process.

Yet even as those 1992 targets retreated farther from the realm of possibility—some federal fleet managers, in spite of the mandates, continued purchasing cheaper, more reliable conventional vehicles in the name of economy and efficiency—

by slack sales, companies cut ZEV production last year, with GM—to all appearances—getting out of the electric car business altogether.

The ZEV lobby, a major presence at CARB meetings, is accusing automakers not of market failure, but of treachery. CARB director Alan Lloyd idealizes the battery-powered car, with its complete lack of tailpipe emissions, as "the gold standard" of air quality, forgetting, perhaps, that this metallic basis for money has been discarded by the world.

While the battery-powered ZEV may be dead, other alternatives are very much alive. CARB's own technical staff recently observed that, while unable to improve the storage battery, science was making much progress in other clean-air technologies. "Hybrid vehicles," which deftly combine electric motors with small, clean gas engines, were emerging, and even some gasoline vehicles were approaching the zero-emission standard due to computer-enhanced emission control. It is also assumed, both by the board and many manufacturers, that hydrogen fuel-cell cars—another zero-emission technology—will be available by 2003.

Last year, the staff asked the board to cut the already abated 2003 mandate for 22,000 ZEVs back to something the market might actually accommodate—around 2,000 more vehicles than are currently on the road. This would favor gas-electric alternatives like the Toyota Prius and the Honda Insight, which are selling well even though they cost about 10 percent more than a comparable gas-burner. The technical staff appears to have assumed that selling hundreds of thousands of hybrid and other very-low-emission cars (hybrids are 98 percent clean, not far off the ZEVs' 100 percent) would have a greater net effect on statewide air pollution than putting 20,000 ZEVs on California auto lots.

The auto industry insisted that CARB drop the 2003 ZEV requirement completely, and a battle royal ensued. The result: The board now says between 4,600 and 15,000 ZEVs must be on car lots by 2003, at a build cost to car makers of up to half a billion dollars. Ford, the only current ZEV maker, eagerly accepted, and other manufacturers tagged along.

But GM sued, contending that building ZEVs was 150 times costlier than alternative clean-air measures such as elimination of diesel pollution and encouragement of hybrid vehicles. CARB's Lloyd clucked, "GM has decided to place its future in the hands of its lawyers, rather than its engineers."

Perhaps. Observers are predicting an ugly, drawn-out fight that will consume a lot of time, energy, and resources that might be spent elsewhere. But many also hope that the suit, however acrimonious, will answer definitively whether any real demand exists for low-range battery cars—and whether there are indeed better ways to clean the Golden State's air.

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the Clinton White House chased harder after them. Executive orders in 1993, in 1996, and on Earth Day last year further reinforced the administration's commitment to federal fleet mandates and artificial markets.

Even if those Energy Policy Act goals could be met, however, the total amount of alternative fuels used would only replace less than 1 percent of projected U.S. gasoline consumption in 2010, according to the government's own estimates. And if similar fleet acquisition mandates were imposed on local governments and the private sector—in a move now being considered by the Environmental Protection Agency—that total would only double, according to Department of Energy projections, replacing just 2 percent of projected conventional fuel consumption in 2010.

As of 1998 taxpayers had purchased outright about 30 percent of the AFVs in use, and subsidized many of those that were ostensibly "bought" by the private sector, at an unknown, but undoubtedly, staggering cost. According to the General Accounting Office, many of these vehicles are not being used as designed and intended, reducing their potential environmental benefits, because fleet managers find that doing so is both expensive and inconvenient. This suggests that thousands of vehicles counted in the alt-fuel category are actually burning conventional fuels, making their purchase pointless.

In spite of the government's best efforts on behalf of alternative fuels, it has been mapping a route the public is reluctant to follow. The Department of Energy estimates that about 1 million AFVs were on the road in 1999, less than half of 1 percent of all vehicles. Alternative fuels replaced about 334 million gallons of conventional gasoline in 1999, according to government figures, or about 0.3 percent of all the gasoline used. To date, fewer than 4,000 electric vehicles are believed to be operating in the U.S. Most are bought or leased as novelty items or sincerity trophies by the most committed alt-fuel advocates.

Such statistics indicate not only that the Energy Policy Act has been a flop, but that most Americans—unless they're being handed the vehicles for nothing or having them heavily subsidized by fellow citizens, as in the Arizona case—just don't share the government's fascination with AFVs. And they lack that interest for what turn out to be very practical reasons.

"The goals [of the Energy Policy Act] are not being met principally because alternative fuel vehicles have significant economic disadvantages compared to conventional gasoline vehicles," according to the General Accounting Office. The prospects for AFVs will remain bleak until these cost and performance disadvantages are addressed and reversed, the GAO report adds, and they aren't likely to improve without a huge increase in the pump price of conventional fuels or even more dramatic government intervention into the marketplace.

Electric Go-Karts

The perverse consequences of California's sales quotas

By Diane Katz and Henry Payne

Thanks to their state's push for zero-emission vehicles, Californians can get set for the next great leap forward in automotive luxury: golf carts sporting headlights, turn signals, and a top speed of 25 miles per hour. Such toy cars will help automakers meet the requirement that a set percentage of vehicles they sell in the Golden State be nonpolluting. Undeterred by its botched attempt at electricity deregulation, California is attempting to dictate vehicle design and production to the auto industry. All the more disturbing, the state's directives are actually harmful to the environment, are economically unfeasible, and are a threat to public safety.

Sacramento regulators have insisted for more than a decade that the improvements necessary to attain federal clean air standards can be achieved only by forcing automakers to produce battery-powered vehicles.

"The California Air Resources Board mandate," says David Hermance, executive engineer at the Toyota Technical Center in Gardena, California, "compels manufacturers to spend a tremendous amount of money on a technology that no one—not even CARB—believes will ever result in a mass-produced vehicle."

Elimination of the internal combustion engine remains the ZEV community's ultimate goal. But because current battery technology remains impractical, unaffordable, and therefore unmarketable, the only thing driving electric vehicle production is government fiat. Customers are understandably reluctant to buy a $35,000 vehicle that requires a five-hour recharge every 75 miles.

Market realities notwithstanding, CARB accuses the auto industry of willfully withholding Earth-friendly products in a relentless pursuit of profits. This disdain for automakers as despoilers of nature was expressed by board member William F. Friedman, who publicly scolded automakers in January by saying, "Progress will be made when we stick it to you."

By that yardstick, progress has been made: Failure to meet California's sales quotas can result in a $5,000 fine per unsold vehicle.

Such penalties will be felt by motorists nationwide. Internal-combustion vehicles are much more efficient than their electric cousins. Today, just the batteries for an electric car cost $30,000, while a gas-powered car's 20-gallon fuel tank costs just $20. (The true cost of ZEVs is not reflected in their price tags, as they are heavily subsidized.) Even assuming savings from mass production, an electric vehicle will cost many times more than a conventional car. Only by spreading the additional costs across the entire fleet can automakers clear ZEVs from dealers' lots.

What seems obvious after nearly a decade of government intervention on behalf of alternative fuels is that there's no such thing as a "free" alternative-fuel vehicle.

Among the greatest impediments to a wider acceptance of such vehicles is a lack of refueling facilities and infrastructure, performance and refueling problems, and the higher costs of AFVs. Without some kind of subsidy or rebate, a cutting-edge, battery-powered auto will cost about $20,000 more than its conventionally powered cousin, according to one analyst at General Motors. Cars that burn compressed natural gas can cost $3,000 to $5,000 more than their conventional counterparts. And for that price, consumers will usually be getting transportation that is difficult, less reliable, or inconvenient to refuel—and limited in range.

In Albuquerque, New Mexico, for instance, the police department's 15 natural gas–powered squad cars—each purchased with a $25,000 grant from the federal government—have proven a major disappointment. The autos have only about half the range of conventional patrol cars, they perform sluggishly, and they can be refueled at only one location in town. This greatly reduces their utility for patrol officers, so they've been assigned to detectives instead.

"We didn't get the rose garden we were promised," the department's fleet coordinator told an Albuquerque newspaper. But the city went ahead with the experiment, he said, "because we couldn't turn down what was basically a free car."

"We couldn't turn down what was basically a free car." The New Mexican's refrain is becoming familiar in Arizona as well, as citizen explains to citizen why he or she was tempted into gaming the system. But what seems obvious after nearly a decade of government intervention on behalf of alternative fuels is that—as has long been understood with regard to lunches—there's no such thing as a "free" alternative-fuel vehicle.

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In other words, it's a new auto tax. And to the extent that ZEV subsidies inflate sticker prices fleet-wide, a meaningful share of consumers will defer the purchase of new, cleaner conventional vehicles. A study by Resources for the Future, a nonpartisan environmental research group, predicts that this so-called "jalopy effect" will actually cause a net increase in auto emissions across California.

As electrics have bombed in the marketplace, CARB has tried to appear "flexible" by constructing a maze of credit-earning options for fulfilling the ZEV quotas. The most ludicrous would allow automakers to comply by marketing "neighborhood vehicles," better known as golf carts. Ford unveiled its neighborhood vehicle at last year's Detroit Auto Show, for use in closed communities and on roads with speed limits under 35 mph. DaimlerChrysler AG recently purchased cart maker Global Electric MotorCars. The golf carts have been exempted from federal safety standards, allowing them to travel on public roads.

Then there are vehicles like Ford's Think City, a tiny electric two-seater meant for the highway. Made of plastic, the car takes 30 seconds to reach a top speed of 60 mph—an unsafe prospect for merging on any freeway, but perhaps especially those in California. "What scares me is that once somebody puts one in the fast lane, they're going to be killed," says Toyota's Hermance, noting that freeway speeds in Los Angeles average between 70 and 75 miles per hour. In other words, regulators are willing to trade an increase in traffic fatalities for an inconsequential reduction in emissions.

Automotive technology has changed dramatically since California's sales quotas were first proposed a decade ago. CARB's own data show that conventional vehicles' emissions have declined 80 percent since 1990. In smog-prone Los Angeles, the number of ozone "exceedences" has declined from 190 in 1982 to a mere 40 last year, despite an exponential increase in the number of vehicles on the roads and the miles they are driven. Stricter tailpipe controls will also be in place by 2003, which would further narrow the now-marginal emissions gap between electric and conventional vehicles. But CARB stubbornly ignores both scientific and economic evidence that discredits its pet regulatory scheme.

A competitive alternative to gasoline will likely one day emerge. Automakers see potential for hydrogen fuel-cell vehicles, for example, though their viability is still some years away. But to the extent that automakers are forced to divert money into electrics, research on more promising alternatives will be compromised. If one day you find yourself trying to merge a plastic cart onto a L.A. freeway, think a bit about that.

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City Views

Urban studies legend Jane Jacobs on gentrification, the New Urbanism, and her legacy

TODAY, JANE JACOBS is revered as North America's great expert on cities and the way they work. But 40 years ago, when her masterpiece *The Death and Life of Great American Cities* was first published, she was assaulting—and shattering—the fundamental tenets of urban planning.

That book was part literature, part journalism, and part sociology; it looked at cities from the sidewalks and street-corners up, not from the Ivory Tower down. Healthy cities, Jacobs argued, are organic, messy, spontaneous, and serendipitous. They thrive on economic, architectural, and human diversity, on dense populations and mixed land uses—not on orderly redevelopment plans that replaced whole neighborhoods with concrete office parks and plazas in the name of slum clearance or city beautification.

Jacobs has no professional training and only a high school diploma. But in the years since *Death and Life* was published, her "radical" ideas about what makes cities livable have become popular—in some quarters, near gospel. To some extent, this was driven by Jacobs' own civic activism, fighting to protect her New York neighborhood against the city planners' designs.

Jacobs' subsequent books have been just as revolutionary, if not always as widely read. *The Economy of Cities* (1969) and *Cities and the Wealth of Nations* (1984) laid out new ideas about urban

KERRY TALBOTT

Interviewed by Bill Steigerwald

"Every city should be like itself. One of the most dismal things is when you go to a city and it's like 12 others you've seen. That's not interesting, and it's not really truthful."

economics, stressing the importance of dynamic, open-ended growth. *Systems of Survival* (1992) delved into political philosophy, while last year's *The Nature of Economies* showed some of the ways economics follows the same principles that govern nature. She has also written a children's book and a book on Quebeçois separatism, and has edited the memoirs of her great-aunt, a schoolteacher in early 20th century Alaska.

Jacobs, who turns 85 this year, is as sharp as ever. She has lived in Toronto's bustling Annex neighborhood since 1968, when she and her late husband moved there from New York City so their sons wouldn't be drafted during the Vietnam War. She's a Canadian citizen, but she was born in the hard-coal town of Scranton, Pennsylvania. Bill Steigerwald, an associate editor and columnist for the *Pittsburgh Tribune-Review*, interviewed her in mid-March by phone.

Reason: What should a city be like?

Jane Jacobs: It should be like itself. Every city has differences, from its history, from its site, and so on. These are important. One of the most dismal things is when you go to a city and it's like 12 others you've seen. That's not interesting, and it's not really truthful.

Reason: Unlike American cities, Canadian cities have not been destroyed by the experts and the planners, have they?

Jacobs: Well, they've had some bad things happen to them. They had some terrible housing projects built in Toronto, although we learned later how to do it right.

That's mostly true about Canadian cities, but it's not all peaches and cream. It's really surprising how few creative, important cities Canada has for its size, its population, and its great human potential and attributes. There's a whole region of Canada, the Atlantic Provinces, that has a lot of pleasant little places but doesn't have one single really significant creative city. And the whole area is very poor as a consequence. It would be like a Third World country, that whole area, if it wasn't getting transfer payments and grants of various kinds from the rest of Canada.

Reason: But Canada didn't have the urban renewal problem that America did?

Jacobs: It had a little of it. It also had what Marshall McLuhan called "an early warning system." Urban renewal came to America earlier, so Canada had the advantage of seeing what the mistakes were and could be cautious. Canada had an urban renewal agency for a while, and it did just as badly as the one in the U.S. But it didn't last long, because as soon as the Canadian government saw what a mess it was making, how many fights it was causing, and how much opposition was arising, it just demolished the whole department.

That was the difference. All these troubles were becoming recognized in the U.S., but the government there didn't seem to be able to think, "This is a mistake. Out with it."

Reason: I know some businesspeople begged you to come to Pittsburgh and help fight a big City Hall redevelopment project that would have wiped out two city streets downtown. [See "Death by Wrecking Ball," June 2000.] The huge project has ended, so it's sort of a happy ending. But I'm wondering if, in a general sense, you think the people who control cities have learned the lessons of the '60s?

Jacobs: In that case, they certainly hadn't. That attitude—that you can sacrifice small things, young things, and a diversity of things for some great big success—is sad. That's the kind of attitude that killed Pittsburgh as an innovator.

Reason: And it comes from people who either have the power or the money or both to have their way?

Jacobs: Well, they have their way with the powers of eminent domain, government powers that were intended for things like schools and roads and public things, and are used instead for the benefit of private organizations and individuals.

That's one of the worst things about urban renewal. It introduced that idea that you could use those government powers to benefit private organizations. The courts never have given the kind of overview to this that they should. The time it went to the Supreme Court, back in the 1950s, the decision was that to make a place beautiful or more orderly or helpful, government could do what it pleased with eminent domain. That just left the door open. As one New York state official said at the time, "If Macy's wants to condemn Gimbel's, it can do it if Moses gives the word."

Reason: Robert Moses, the New York City planner and infamous power broker.

Jacobs: Yes. He's an extreme example, but in effect that's what the shift in eminent domain law did. But even before that, it was being done unofficially when what had grown big and successful was used to eat up, or wipe away, or starve what was not. You might as well have no birth rate and then wonder why there aren't people. If you don't have an entrepreneurial

birth rate, you don't have new industries and new chances for other successes.

Reason: It seems virtually impossible for the biggest, clumsiest, most unenlightened government to squelch innovation and new growth. It might not come up in the middle of downtown Pittsburgh, but it will come up somewhere else, whether they like it or not.

Jacobs: Sure. Look at the big automobile companies in America and how they didn't make smaller cars, more economical ones that would run farther on gasoline. It took Japanese cars coming in, and German cars coming in. There was a market for them. But they were not being produced and designed by the big, rich, much more successful American companies. Then, when they saw what competition they had, the U.S. auto makers began to produce compact cars. But it sure was innovation from a long way off.

Reason: Do you think that the people who run American cities have learned what to do and what not to do?

Jacobs: I think some of them have learned a lot. There are quite a few cities that are more vigorous and more attractive than they were 10 or 20 years ago. A lot of good things are being done, but it's not universal.

Reason: Can you give me an example?

Jacobs: In Portland, a lot of good things are being done. Same with Seattle. San Francisco has done many attractive things.

Reason: What is it that you like about Portland?

Jacobs: People in Portland love Portland. That's the most important thing. They really like to see it improved. The waterfront is getting improved, and not with a lot of gimmicks, but with good, intelligent reuses of the old buildings. They're good at rehabilitation. As far as their parks are concerned, they've got some wonderful parks with water flows in them. It's fascinating. People enjoy it and paddle in it. They're unusual parks. The amount of space they take and what they deliver is just terrific.

They're pretty good on their transit too. It's not any one splashy thing. It's the ensemble that I think is so pleasant.

Reason: You are against regional planning and metropolitanism, yet isn't an important part of what's going on in Portland the pretty strong powers given to a regional planning authority?

Jacobs: I don't know. You're probably better informed than I am on that. I'm talking about the city of Portland itself.

Reason: The criticisms of Portland are these: By fixing boundaries and limiting growth by government fiat, they are guaranteeing that prices of housing will go up higher within the boundaries of Portland and that traffic will get worse. And this has happened.

Jacobs: Well, my goodness. Portland is not a dense city and never was. Whoever made that prediction, that densifying the city itself would have all those bad consequences, they don't know anything about it.

Reason: I lived in Los Angeles for 12 years. When I moved there in 1977, I just loved it immediately. It was so open and free and full of life and vitality. Not only the people, but there seemed to be a lot fewer rules and regulations about what you could do and couldn't do. Peter Hall says in *Cities in Civilization* that L.A. was built on freedom, and when I read that, I thought, "That makes sense to me."

Jacobs: Well, it does if you are able to drive a car and have enough money. But only in those cases.

Reason: Los Angeles wasn't too bad for money. My daughter is a lawyer and she had to leave San Francisco because she couldn't afford living there.

Jacobs: It's gotten so popular....

Reason: I remember interviewing the head of regional planning in Los Angeles. He shocked me, because I had grown up thinking Los Angeles was the best example of bad city planning. That it was sprawled all over the place, and it was just a mess, and nobody was in charge or anything. This was 1984, and this guy told me, "Now I have people coming from around the world to Los Angeles to see how we did it, how we established a city that had so many city centers—and not just two or three big centers, but 18." The answer was that no one planned it, obviously. It just happened that way and there is not any way to arrange it to happen in this way.

Jacobs: That's what I say: Every city is different. But don't think that because Los Angeles can do that, and it turned out that way, that every city can be a Los Angeles.

Reason: Some people say cities are destined to become workplaces by day and entertainment centers by night and weekend. Do you think that's true?

Jacobs: To a certain extent. Cities have always had a lot of leisure things that people use after work hours. But there are a lot of people who don't work during the day. Children have short working hours, you might say. There are seniors who don't have a lot of work during the day. I think it's important that there be recreational places during the day, too.

Places where people can swim. Community centers. Places where they can bicycle.

Reason: In the city center area?

Jacobs: All over the city. The idea of this strict segregation of hours is fairly ridiculous. There are also more and more people who are working at night. Especially people who work at home.

Reason: A couple of years ago, Jesse Walker, an associate editor of REASON, wrote that your ideas are being seized by the sustainability crowd and are being abused. He wrote, "To the extent that they have digested Jacobs, they have romanticized her vision, bastardizing her empirical observations of how cities work into a formula they want to impose not just on cities but on suburbs and small towns as well."

Jacobs: I think there's a lot of truth to that. For example, the New Urbanists want to have lively centers in the places that they develop, where people run into each other doing errands and that sort of thing. And yet, from what I've seen of their plans and the places they have built, they don't seem to have a sense of the anatomy of these hearts, these centers. They've placed them as if they were shopping centers. They don't connect. In a real city or a real town, the lively heart always has two or more well-used pedestrian thoroughfares that meet. In traditional towns, often it's a triangular piece of land. Sometimes it's made into a park.

Reason: What kind of traditional towns?

Jacobs: You can see it in old Irish towns. You can also see it in towns in Illinois. The reason for it is that the action so often was where three well-traveled routes came together and made a Y. There are also T-intersections and also X-intersections. But they're always intersections that are well-traveled on foot. People speak about the local hangout, the corner bar. The important word there is *corner.*

Reason: Corner store, corner bar. They're illegal in most places today—certainly in the suburbs.

Jacobs: Yes. The corner is important. It's of all different scales. For instance, big cities have a lot of main squares where the action is, and which will be the most valuable for stores and that kind of thing. They're often good places for a public building—a landmark. But they're always where there's a crossing or a convergence. You can't stop a hub from developing in such a place. You can't make it develop if you don't have such a place. And I don't think the New Urbanists understand this kind of thing. They think you just put it where you want.

Reason: And that people will go there, as opposed to what's really happening—that people are already going there? You're just giving them a place to stop and congregate?

Jacobs: That's right. It occurs naturally. Now it also has the advantage that it can expand or contract without destroying the rest of the place. Because the natural place for such a heart to expand is along those well-used thoroughfares.

Reason: What do the people who run cities have to do now to make their cities into more livable, more interesting places? Is it to remove some of the things they've done in the last 50 years, or just keep their hands off completely?

Jacobs: It's much less a matter of removing things than adding things, I think. For instance, here in Toronto there were two areas of the downtown that were dying. They were in very good locations but they were old industrial buildings that were becoming vacant. Manufacturing was moving out to where they had more room and where it wasn't as expensive. There were a lot of small developers who saw that these nice old buildings were just ideal for converting into apartments. They were lofts, mostly, and you know how popular they've become. But they were blocked from doing anything about it because of use zoning that said it should be industrial. So you can change that use zoning and allow residential.

Reason: But aren't you then just removing an impediment? Some people say zoning is the big problem.

Jacobs: Wait a minute, I haven't finished. It didn't help to change that use because, again, there were so many impediments that went with it. There were rules and regulations about dwellings—especially parking places. And the ground coverage in these areas was high, and you couldn't make basements under these nice old buildings. You couldn't satisfy the parking requirements without fairly well destroying what was really nice about the areas and also making it just too expensive. So no matter what happened, they were blocked.

We had a very intelligent mayor at that time, and she listened to what they were saying. And she wanted to remove those impediments. She talked to everybody who had an interest in the area and they agreed that these buildings should be put to the additional use. But they were all so stymied in their thinking about, How do you make it practical?

Well, you're smart. You've already jumped to the conclusion of what makes it practical—you remove the impediments. The mayor's hardest job was re-educating the planning de-

partment, but she did it. They added one new rule, and you might not like this. But it was a very important rule to add: None of the sound old buildings could be destroyed. That was to prevent environmental and aesthetic waste. Otherwise, except for the safety and fire codes, which apply to all the buildings, just about all the old regulations were removed.

Reason: And what happened?

Jacobs: It's magical, it's wondrous, how fast those areas have been blossoming and coming to life again.

It wasn't just removing impediments. It was a use that was missing in the mixture. It didn't replace all the working places. A lot of the working places hadn't disappeared yet, and new ones have come in and been allowed to be added. Also, there are other things that the people who now live there, in combination with the people who work there, can support. The main thing missing in the mixture was added. The same principle you can apply to languishing bedroom communities. What's missing there is workplaces. Here's why I don't like segregation into night things and day things: You don't get the additional things that the workers and the people living there support jointly.

Reason: Such as?

Jacobs: Parking is one of them. No parking lot was built for the big baseball stadium here in Toronto, the one with the retractable roof, because it was figured that there were enough parking places for workers that weren't being used while the games were on. So why build more parking places?

Reason: You would agree that that is a smart way to do it?

Jacobs: Yes. The same thing applies to eating places. People who want to eat out in the evening can use the same places as working people who eat at lunchtime.

Reason: People complain that suburbanites are too dependent on cars. Yet the newest suburbs—the car suburbs, not the trolley suburbs—are so heavily zoned and so carefully laid out. The uses are segregated so much—you live here, you work there, you shop here, you play there, you go to school over here. If you didn't have a car, you couldn't possibly live in the suburbs—because of the way they're laid out.

Jacobs: That's right. Your children couldn't get to school. And they couldn't get to their dancing lessons or whatever else they do. You're absolutely dependent on a car. It's very expensive for people, especially if they need a couple of cars. It's a terrific burden. It costs about—somebody figured it out fairly recently—it costs about $7,000 a year for one car. That's a lot of money, you know.

Reason: I'm a five-minute drive from all the shopping I need, but I couldn't walk it.

Jacobs: Sure, you want to defend the car in those cases. It's a lifeline. It's as important as your water tap.

Reason: You aren't anti-car, are you?

Jacobs: No. I do think that we need to have a lot more public transit. But you can't have public transit in the situation you're talking about.

Reason: You don't literally mean publicly owned transit?

Jacobs: No. All forms of transit. It can be taxis, privately run jitneys, whatever. Things that people don't have to own themselves and can pay a fare for.

Reason: You're not an enemy of free-market transportation.

Jacobs: No. I wish we had more of it. I wish we didn't have the notion that you had to have monopoly franchise transit. I wish it were competitive—in the kinds of vehicles that it uses, in the fares that it charges, in the routes that it goes, in the times of day that it goes. I've seen this on poor little Caribbean islands. They have good jitney service, because it's dictated by the users.

I wish we could do more of that. But we have so much history against it, and so many institutional things already in place against it. The idea that you have to use great big behemoths of vehicles, when the service actually would be better in station-wagon size. It shows how unnatural and foolish monopolies are. The only thing that saves the situation is when illegal things begin to break the monopoly.

Reason: You've said it's a fallacy that jobs are coming out to the suburbs. What about the edge cities that Joel Garreau talks about? Hasn't it changed somewhat?

Jacobs: It has, but it's very uneven as to where the people live who go to that work. The old Garden City idea was that the jobs would be there in the suburbs, in the Garden City. That very seldom happened. For one thing, if you have two breadwinners or more in the same family, they aren't likely to work in the same place. People change their jobs in the course of their life. If they're confined geographically to just the selection there is in their little town, it's tough. It's one reason people move to cities or move to suburbs where they can commute into cities.

It's a fallacy to think that you can eliminate travel by putting people close to their work. In

"There'll come a time when the standard suburbs—even the wealthiest ones—will change. Look at what has happened to very wealthy areas within cities where great mansions turned into funeral parlors. It'll happen."

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a few cases, they will be. But all the accounts I've ever seen, especially after a lapse of time, they aren't working and living in the same place.

Reason: I remember reading that the hub-and-spoke kind of movement of commuters is not as common in cities. People live in one suburb and work in another, not downtown.

Jacobs: That's right, they can work in another suburb. Exactly.

Reason: Is it a straw man to say that if you live in a suburb, you should work in that suburb? Is that what they really wanted people to do?

Jacobs: That's how they were justified, often, especially the ones that were considered model towns. You really can cut down the need to travel and the dependency on a car, or on public transit, in suburbs. But it's not by trying to hope, much less dictate, that people will work close to where they live. It's by their errands. There's an awful lot of unnecessary travel. If people want to get a quart of milk, they have to get in the car and get it. This is especially hard on children, too, who don't have freedom, even when they are old enough to go on foot to this place and that. It could easily be arranged that you could do almost all your errands on foot. But not so, if—again the question of monopoly comes up—you have to have these monopolies called shopping malls.

Reason: And they are monopolies that are protected by zoning in many cases, right?

Jacobs: Yes, and also at the behest of their developers.

Reason: The fix is in between the developers and the local government?

Jacobs: Yeah, and people have gotten afraid to have commerce get outside of these monopoly prisons.

Reason: Do you think suburbs will evolve into cities?

Jacobs: They'll evolve into something, but I don't know what you'll call them and I don't know exactly how they'll resolve. But they'll thicken up, get denser.

Reason: That solves a lot of problems, I guess.

Jacobs: Sure it does. And that's why those people are crazy when they said what would happen to Portland. It was an argument. They were trying to stop it and they said any kind of baloney.

Reason: There are suburbs in Pittsburgh where the people who run the township, the zoning officers, despise commerce. It's virtually 100 percent residential use—big homes, mostly. And of course there are no granny flats, no corner stores, no duplexes. I don't know if people want to change that. People are happy to be living there. They are some of the wealthiest people in Pittsburgh.

Jacobs: Yes, but now consider what happens with the change of generations. Remember how people despised Victorian buildings earlier in this century? They were just ruthless with them. They were just thought to be automatically ugly and disgusting. Many wonderful, wonderful buildings were destroyed. Well, that was a big rejection of Victorianism. Not just the buildings. There was the feeling that it was stuffy, it was repressive.

There'll come a time when the standard suburbs that you're talking about—even the wealthiest ones—will change. Look at what has happened to very wealthy areas within cities where great mansions turned into funeral parlors, and so on. It'll happen. Just when, I don't know. I'm very suspicious of prophesizing, because life is full of surprises, but I think we are seeing the precursors of the very beginning of the change in the suburbs.

Reason: My parents are still in a 1950s suburban tract home. When we were growing up, we didn't want to live in an old house. Now you'd have to pay me to live in my parents' house, which is just a suburban box.

Jacobs: Exactly. And when this happens, people get absolutely ruthless with the old stuff. Too ruthless, I think, because I don't like waste, and I don't like thoughtlessness.

Reason: When the change comes, if it is an incremental, slowly evolving, uncontrolled sort of natural change, it's easy for society to accommodate that, isn't it?

Jacobs: Yes it is. But if all that zoning is kept, that can't happen.

Reason: This is why I'm one of the few people you've met who likes Houston, because it has no zoning.

Jacobs: It has no zoning. But all the same, it looks like all the places that do have zoning. Because the same developers and bankers who deal with places that do have zoning carry their same ideas when they finance or build something in Houston.

Reason: There are not enough Houstons to change the way things are built or developed?

Jacobs: Right. In fact, places where change does happen are where people face it and really start to overhaul and rethink these things. That's what holds back change—when people don't overhaul and rethink. People are awfully scared of changes in zoning, because they think the neighborhood will go to the dogs and it will ruin their property values.

I mentioned before about this anatomy of

the streets, and how if you have the streets that are good pedestrian thoroughfares as part of the anatomy of the heart, those are the logical places to convert from residences, say, to businesses. If the place is really an economic success, that's going to happen. That's not a bad thing to happen, the expansion of the commerce and the working places.

Reason: It's a good sign, right?

Jacobs: It's a very good sign. But you see, if it's in places where that hasn't been thought of, the commerce begins to intrude on the parts of the community that were just meant for residences. Sometimes these conversions are very charming, but usually not. They are ugly and they are like a smear that begins to spread. People look at it and say the neighborhood is going to the dogs. And they're scared of this. But actually, if you have these busy streets that have the kind of buildings on them that can easily be converted back and forth to different uses...the place doesn't go to the dogs.

Reason: The problem is when you lock yourself into one use and never allow it to change, or make it so impossible to change that it'll never happen.

Jacobs: Yes, or that it'll just be an ugly smear if it does happen. I don't think the New Urbanists are thinking of those things.

Reason: Have you been to any of these new towns they're building, like Disney's Celebration in Florida?

Jacobs: I've been to one outside Toronto.

Reason: What did you think?

Jacobs: I was disappointed. The town center is very much a constricted thing unto itself, located as if it were a shopping center. It doesn't have this anatomy. Instead of having parking lots around it, it has a good-sized park, but all the residential streets that impinge upon it are very residential and not at all part of the anatomy of the center.

Reason: The perfect towns we think of, the kind of towns that New Urbanists are trying to reproduce from on high, were developed 100 years ago all across America with very little official kind of planning. How is it people seemed to be more sensible about how towns were not made, but allowed to grow, 100 or 150 years ago, then lost it? What is the secret they knew then that we have forgotten? Or am I romanticizing?

Jacobs: No, that's a very interesting question. They weren't being as ruthless, for one thing. A lot of these towns were ruined, you know. You can see these just awful strip developments.

Reason: I don't know if you think of yourself in these terms, but when they list the 100 most important American intellectuals of this century, your name is on that list.

Jacobs: *(Laughs.)* It's a little early to say. Usually those things don't mean much until a couple centuries have passed.

Reason: What do you think you'll be remembered for most? You were the one who stood up to the federal bulldozers and the urban renewal people and said they were destroying the lifeblood of these cities. Is that what it will be?

Jacobs: No. If I were to be remembered as a really important thinker of the century, the most important thing I've contributed is my discussion of what makes economic expansion happen. This is something that has puzzled people always. I think I've figured out what it is.

Expansion and development are two different things. Development is differentiation of what already existed. Practically every new thing that happens is a differentiation of a previous thing, from a new shoe sole to changes in legal codes. Expansion is an actual growth in size or volume of activity. That is a different thing.

I've gone at it two different ways. Way back when I wrote *The Economy of Cities*, I wrote about import replacing and how that expands, not just the economy of the place where it occurs, but economic life altogether. As a city replaces imports, it shifts its imports. It doesn't import less. And yet it has everything it had before.

Reason: It's not a zero-sum game. It's a bigger, growing pie.

Jacobs: That's the actual mechanism of it. The theory of it is what I explain in *The Nature of Economies*. I equate it to what happens with biomass, the sum total of all flora and fauna in an area. The energy, the material that's involved in this, doesn't just escape the community as an export. It continues being used in a community, just as in a rainforest the waste from certain organisms and various plants and animals gets used by other ones in the place.

Reason: It becomes denser and more diverse.

Jacobs: That's right, and it is linked with new development, because the new kinds of things that are being contrived are able to feed off of each other. The trouble is, people have always been trying to put development and expansion together as one thing. They're very closely related. They need each other. But they aren't the same thing and they aren't caused by the same thing. I think that's the most important thing I've worked out. And if I am thought of as a great thinker, that will be why.

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Still Fab

Why we keep listening to the Beatles

By Charles Paul Freund

Is anything more intricately intertwined with its time than the career of the Beatles? According to the usual account, the group's shifting personae, from the original 1964 mania through the 1970 break-up, either led or reflected the period's changing tastes and behavior. For Americans of a certain age, it was seven delirious years of teenybopper screaming, androgynous hair-doing, cartoon-India meditating, psychedelic drug taking, syncretic sitar strumming, and all-you-need-is-loving.

Is that wrong? Surely not. If the increasingly brittle idea of "the '60s" has any meaning aside from common nostalgia, it describes the transformation of a type of cultural fandom into a type of social and political identity. The Beatles managed to remain at the center of this phenomenon —if not ahead of it—as long as they existed. Their fans, primarily leading-edge boomers, became what they beheld. Which of them is not part Beatle?

Now another transformation is underway. Older boomers are starting to retire, enrolling in the AARP, and leafing uneasily through its *Modern Maturity* magazine. It may have helped their transition when, last year, Sir Paul McCartney appeared on *Modern Maturity*'s cover, with an interview inside about the losses, the challenges, and even the pleasures of growing older. Another boomer milestone, another Beatles persona. Nor is that the final such crossroads: Such Beatles songs as "In My Life" seem to be cued up regularly at boomer memorials.

So how is it that this year, *Rolling Stone* used *its* cover to proclaim the Beatles as the "World's Hottest Band"? Since the release last November of *1*, that compilation of 27 No. 1 Beatles hits has been selling at a pace that could make it the biggest-selling CD ever. How is it that a huge $60 volume called *The Beatles Anthology*, featuring old interviews and writings, is setting new sales standards for the coffee-table tome? The black-and-white Beatles movie, *A Hard Day's Night*, has been back in theatrical release. Beatles hit singles are getting increased rotation even in radio contexts where they were sparingly played, such as on classic-rock album formats. A Beatles cookbook has somehow appeared (*She Came in Through the Kitchen Window*), and so has the Beatles' "first and only official Web site," thebeatles.com. Even some out-of-print Beatles books are back, including a volume of post-Beatles interviews with John Lennon, then in his Lord Byron wannabe stage, in which he expresses his utter contempt for the Beatles.

The new Beatlemania has surprised many people, especially because so many buyers of the new CD are under 20. That means that many new Beatles fans were born after John Lennon's 1980 murder. What can the Beatles mean to such listeners? Why such persistence? Certainly the older boomers don't get it. As *The New York Times* put it—in a headline, yet—last January: "The Beatles Never Die, But Why? Ask Fans."

Some newspaper accounts have quoted pleased older boomers, who "explain" that these songs have "stood the test of time." But that merely reposes the original question: Why did they stand this supposed test? Some journalists have pointed to Capitol Records' heavy promotion of the CD on kid-oriented cable channel Nickelodeon, which has pushed the CD toward a young audience. That has probably helped sustain sales, but it doesn't address why young viewers have embraced music twice as old as they are. Anyway, since when do teen consumers identify with music that is so closely associated with a previous generation? Isn't teen culture usually about distancing a rising generation from its predecessors?

Besides, to focus on such factors as promotion is to fall into the usual "pop culture" trap. According to this common view, phenomena such as the original Beatlemania are best understood as events cynically engineered by the culture industries. "Mass" forms such as music, movies, TV shows, and the like are thus supposedly fashioned according to market research and sold to gullible consumers. Cultural industrialists may well wish they had this power, but they obviously don't. They can only try to guess, after the fact, why some of their artifacts succeed and others fail. Accumulated market research notwithstanding, there is neither pop culture nor mass culture; in the end there is only personal culture. Each consumer uses cultural artifacts, the Beatles included, according to his or her peculiar and usually shifting needs.

To ask "Why?" about this Beatles resurgence is to pose the wrong question. A better question is "Who?" As in, Who are the Beatles now? While each new fan will probably answer that question differently, 21st century fans are certainly using the group and its music differently from the original fans of the 1960s. That is, the meanings that boomers attribute to the Beatles are no longer the group's only meanings. Alternative hearings of the familiar songs have emerged, and these are claiming their own validity. Some new fans may be hearing the CD through the groups and music that have come since, in terms of musical influence. Some may be hearing the songs historically, attempting to associate it with their own understanding of the 1960s. Some may be using the music to distance themselves from their own contemporaries.

ANDREW VANDERKARR

Leading-edge boomers engaged in the same sort of cultural appropriation: When they flocked to Humphrey Bogart film festivals in the 1960s, they used his character and films for their own purposes, which were no doubt different from the purposes of the films' original Depression-era audiences. Now they are on the receiving end of the same process.

But there's another nagging question raised by the new Beatlemania. Not just who are the Beatles *now*, but who were they *then*? New fans may be using the group for their own purposes, but then so did the original generation of fans. The years since the group's breakup have seen a lot of myth-making and obscuring, in order to fit them better into a pliable narrative of the era and its aftermath. It is worth pausing to listen to the group anew in the context of their own time, because there are some lost chords in their music waiting to sound again.

It was 38 years ago today

The Beatles—image, music, and text—are obviously bound up with 1960s teen life, taste, and mentality, and from this vantage point that seems both natural and inevitable. But was it? The fact is, the American teenage audience that lost its head over the Beatles was the group's *second* American audience. The foursome entered American culture through a different portal: They came in through the MOR window.

It is well-known that American record executives originally regarded the Beatles with complete indifference. The label with the American rights to the group was Capitol, and it refused to release any Beatles records. A notorious 1963 Capitol memo that curtly dismisses the group ("We don't think the Beatles will do anything in this market") is now regarded as a prime instance of bovine corporate stupidity. But Capitol actually had some evidence to support its dim view of the group's U.S. prospects. It could have cited three specific reasons to ignore the Beatles.

Those three reasons were "Please Please Me," "From Me to You," and "She Loves You." While Capitol originally wasn't interested in these songs, some smaller U.S. labels were willing to take a chance with them. All three of these records were released in the U.S. market in 1963, two by Vee-Jay and one by Swan, albeit with minimal promotion. What happened? *Nobody played them.* "From Me to You" did chart on the long Billboard list at No. 116, but neither "Please Please Me" nor "She Loves You" charted at all.

Late in the year, however, a Washington, D.C., disc jockey named Carroll James ("CJ the DJ"), started to play the British pressing of "I Want to Hold Your Hand." James had a girlfriend who worked for a British airline; she had observed British Beatlemania firsthand, and brought back the group's latest 45. The Washington audience loved the song. Capitol noticed. The big label had already agreed to a limited U.S. release of the record, with an unambitious pressing that reflected the label's low hopes and lack of interest. Now, Capitol considered releasing it quickly in the Washington area.

The Beatles turned the rock world's head with music that was sweet, corny, artificial, and intensely sentimental. Rock has yet to come to grips with this.

But someone at James' station had already sent a tape of "I Want to Hold Your Hand" to a DJ friend in Chicago, who started playing it, too; Chicago soon sent it to St. Louis. Capitol decided to press a million copies of the record immediately, and to promote the group hard. The rest is hysteria.

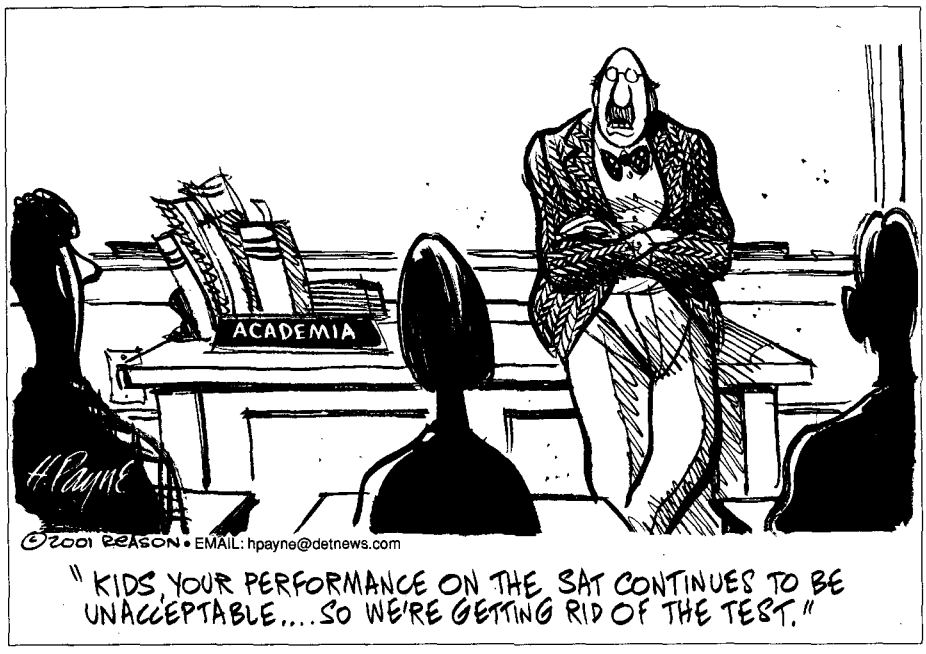
Except for the details: Carroll James wasn't a rock DJ, and his audience was mostly grown-ups. James did a talky afternoon drive-time show for WWDC, a popular AM station. Back then, WWDC was a laid-back outlet with a so-called "middle of the road," or MOR, format that was aimed at an older audience. What did it do besides break the Beatles? When it wasn't running its oddball contests, the station drew on a mostly pop play list, mixing Andy Williams and Al Hirt with soft-rock acts like Ruby and the Romantics, Bobby Vinton, and Ben E. King. WWDC's morning guy had been around for decades, played the organ behind his own wake-up patter, and had a pair of miked, twittering canaries in the studio with him. At night, WWDC didn't play any music at all; it interviewed touring book authors. The only show it aimed at a young audience was in the evening, when its preferred adult listeners were watching TV, and that show was targeted at the dutiful children of the station's core middle-class following. The "teen" show was called *The House of Homework*, and its gimmick was letting kids call in to ask for help with their assignments.

In short, WWDC was a station for dorks. Nobody who aimed for Hip or Cool would have listened to it. Carroll James himself used to play snippets of Bob Dylan's early records as jokes, in disbelief that the folkie actually existed. On the other hand, every single program director at every hip, cool rock station in America had already thrown his copies of "Please Please Me" and "She Loves You" *into the trash.* One dorky Washington station played the Beatles for an audience of commuting office workers, at-home moms, and their bookish kids—and they wanted more. How could this be? Who could the Beatles have been to these listeners?

In fact, the MOR audience had a template for receiving the Beatles that nobody else had, because MOR stations were the only part of the American music scene at all open to British vocal acts. Top 40 rock listeners accepted foreign singers only as sideshow displays; Lonnie Donegan's 1961 novelty "Does Your Chewing Gum Lose Its Flavor?" was a Top 10 hit. But, unlike rock listeners, the MOR audience was familiar with Britain's biggest pre-Beatles singer, Cliff Richard, who was one of the most popular acts in the world. Richard and his band, later famous as the Shadows, had had a middling 1959 hit here called "Living Doll," and Richard was getting some MOR airplay in 1963 with "Lucky Lips." (He would finally get a Top 10 U.S. hit—"Devil Woman"—in 1976.) MOR

stations had featured a string of mostly minor hits by British singers, including Frank Ifield ("I Remember You"), Helen Shapiro ("Tell Me What He Said"), and Matt Munro ("My Kind of Girl"). These were largely treacly, '50s-style pop records: Munro had a lounge-crooner sound; Shapiro was a Connie Francis-style torch singer. What did the Beatles have in common with acts like these?

Quite a bit, actually. The early Beatles sang Ifield's hits in their live shows, and toured with Helen Shapiro. (Indeed, "She Loves You" could well be an "answer record"—then a genre of its own—to Shapiro's musically inventive "Tell Me What He Said.") While boomers may cherish the image of the early Beatles as leather-clad bad boys playing raw rock in smoky Hamburg clubs, the reality is that along with the rock covers, their Hamburg repertoire also included lots of sappy old pop standards like "Red Sails in the Sunset." The mammoth *Meet the Beatles* album, after all, features a version of Anita Bryant's syrupy "'Til There Was You." Perhaps the greatest tribute to the intensity of the original U.S. Beatlemania is that even this intolerable piece of anti-rock made the era's Top 40 playlists.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"KIDS, YOUR PERFORMANCE ON THE SAT CONTINUES TO BE UNACCEPTABLE....SO WE'RE GETTING RID OF THE TEST."

Just let me hear that pop music

So what? Given the Beatles' long career, their dozens of hits, and their various notable innovations, what possible significance can their early, brief connection to a pop audience have? In fact, it is in the context of their career that it matters, because the group's pop dimension is a key factor not only in their musical "growth," but in the longevity of their music as well.

Although Beatles' music is currently fixed in the musical canon as having revolutionized rock, that is not quite correct. What is true is that the group's enormous success opened the door to a lot of groups who energized the era's rock playlists, though even this element can be—and has been—vastly overstated. Early '60s rock was far from being the string-laden wasteland it is sometimes made out to have been (think of the Crystals' "Da Do Ron Ron," for instance). It is also true that the Beatles made long-form compositions possible, introduced the concept album, and, through their lyrics, helped bring personal expression into a field that was largely formulaic. However, the Beatles are themselves indebted to others for some of these advances (among them, Bob Dylan and Paul Simon). Besides, these later changes often occurred at the cost of the very musical energy that the Beatles are otherwise credited with restoring to the rock scene.

But is the Beatles' own career and development really a study in rock revolution, as it is usually portrayed? Or is it actually something different: a study in the extension of the otherwise despised pop form? The answer to that question could help resolve the apparent mysteries of the group's persistence. Here's the short answer: The mature Beatles, the Beatles who "revolutionized" rock music from *Revolver* through *Sgt. Pepper's Lonely Hearts Club Band* through the end of their common career, the Beatles who helped construct the foundation of the '60s counterculture, were themselves built on an essentially pop foundation and enjoyed an essentially pop florescence.

By 1966, the Beatles were far more interested in melody than in beat, had largely abandoned the influences from American country music and American blues that had been apparent on their earlier recordings, and were building an increasing number of their compositions around narrative lyrics that told stories rather than expressed adolescent emotions. The more they developed as composers and lyricists, the less they tried to harmonize like the Everly Brothers or whoop like the Isley Brothers, and the more they drew on their own roots in British popular music. While they continued to use rock elements to make their music, there is almost as much British Music Hall in their later work as there is rock.

The apotheosis of their personal development is not the avant-garde experimentation of the White Album (only a few of its cuts get much play anymore). It is *Abbey Road*, which, dear as it is to the hearts of many rock enthusiasts, could just as well be hailed as the greatest pop album of all time. Certainly, it could have been played almost in its entirety on MOR radio. As for the Beatles' career coda, the *Let It Be* album, its major songs—especially the title number and the whining "Long and Winding Road"—out-treacle anything that Matt Munro ever dared record.

Getting back

Does this distinction between "pop" and "rock" actually matter? From the point of view of the music, no. One either likes the stuff or doesn't. But from the vantage point of rock mythology, the distinction is potentially revealing.

Over the years, what might be called the rock establishment—the music's historians, its journalists, often its performers, and now a class of academics, too—has developed a complex story of the music's ori-

HENRY PAYNE

The Long and Whining Road

The Beatles, the boomers, and boredom

By Nick Gillespie

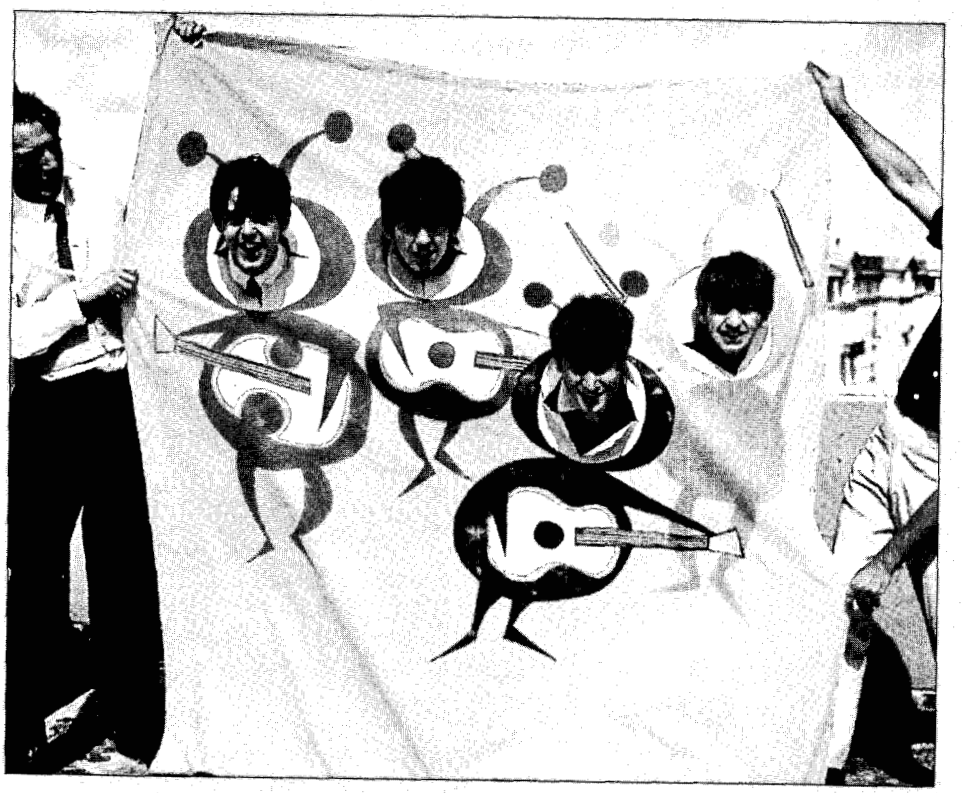
With *1*, the recent chart-topping compilation of previous chart-topping singles, and the companion book *The Beatles Anthology*, the Beatles—or perhaps more accurately, George, Paul, Ringo, and Yoko—have effected a mighty latter-day British Invasion, recapturing the hearts and minds of American consumers with an intensity that hasn't been seen since the lads from Liverpool first sang off-key on *The Ed Sullivan Show*.

Since *1*'s release late last year, the Beatles are once again here, there, and everywhere for what feels like eight days a week in an octopus' garden in the sea: on or near the top of the *Billboard* album charts for months (and selling over 7 million copies of *1*); on the cover of *Rolling Stone* for the bazillionth time ("It's like they never left," gushed the magazine); and in heavy rotation on VH-1 Classic (which has seen fit to play uninspired, patently lip-synched footage of the boys singing "Help!").

To paraphrase the Thing, the tragic, orange-skinned, rock-like member of a different and altogether more interesting '60s quartet, the Fantastic Four: *Wotta revolting development this is!* After watering their musical stock with abysmal solo album after abysmal solo album, weren't we finally done with these guys? Despite respectful nods—such as the dutiful placement of *Sgt. Pepper's*, that largely unlistened-to and virtually unlistenable record, at the very top of lists of "greatest rock albums"—Beatlemania had finally become as worn out as Lady Madonna's teats or Father McKenzie's socks. Now it's back. And given the general decline in religiosity since the '60s, this time the Beatles might really be bigger than Jesus.

What are the reasons to lament this turn of events? Among them: The big sales of *1* and *Anthology* make it likely that more jerry-rigged Beatles singles like the execrable "Free as a Bird" and "Real Love" will be released (indeed, George Harrison is threatening to put out his first album in more than a decade); that a new round of books about the Beatles will be published, including ones like Ron Schaumburg's *Growing Up With the Beatles* (1976), in which the author relates his adolescence to Beatles' songs (e.g., "The Fool on the Hill" was playing in the background while his father told him the facts of life); and that the Rolling Stones will be releasing more and more special boxed sets of their old songs and, even worse, putting out new music in a desperate attempt to maintain the fiction that *they* are the world's greatest rock 'n' roll band.

But in the interest of brevity (and sanity), let's pause over only one reason to be dismayed by this 21st-century Beatlemania. The return of the Beatles serves a darker purpose than simply filling the sable-lined pockets of George, Paul, Ringo, and Yoko with a few more shekels (though it certainly does that): It allows leading-edge baby boomers to once again assert their supposed generational exceptionalism.



BETTMANN / CORBIS

As MTV newsmummy Kurt Loder demonstrated in a recent *Time* encomium to the Beatles, leading-edge boomers cannot even for a minute criticize themselves without immediately launching into an aggrandizing self-defense. "Boomers can be tiresome when they natter on too long about the fun-swollen fabulousness of the 1960s," granted Loder. "I mean, I was there: 'Flower power'? Patchouli oil? Peter Max posters? Please. But even the mistiest of such geezers is likely to be right about the rock and soul music of that decade: Who could overstate its distinctive exuberance, its heady inventiveness, or the thrill of its sheer abundance? And who could overcelebrate those most emblematic of '60s pop phenomena, the Beatles? For the Beatles were then, and re-

main to this day, the world's most astonishing rock 'n' roll band....It is hard—no, it is impossible—to imagine any of the gazillion or so carefully marketed little bands of today replicating a quarter of that feat."

Loder's passage suggests what's really at stake in this latest burst of Beatlemania: An attempt by aging boomers to colonize the youth of their children (and grandchildren!), to make all who come after them replicate the boomers' own sensibilities, tastes, and experiences in a way far more totalized and stifling than anything the '60s generation rebelled against.

While history has never been fair and

Beatlemania is back. To paraphrase the Thing, a member of an altogether more interesting '60s quartet, the Fantastic Four: *Wotta revolting development this is!*

often stacks the deck against youth, the younger generation has at least always been secure in the knowledge that their parents would eventually die off and leave them alone to get on with their lives. But in an age where average lifespans are likely to creep up to 90 over the next few decades, leading-edge boomers may be robbing the rest of us of even that comforting thought.

If they have their way, when we're 64—and they're 94, or 104, or whatever—we'll still be listening to the Beatles. And to the boomers talking about how the Beatles, and by extension themselves, really were the most astonishing group of all time.

Nick Gillespie (gillespie@reason.com) is REASON*'s editor-in-chief. A different version of this article appeared on suck.com and can be found at reason.com/redir/suck031201.html.*

gins, nature, and social role. As humanities professor Robert Pattison has pointed out, this story has been laid out along the lines of 19th-century Romanticism. Unlike other forms of music, goes the myth, rock prides itself on being elemental. Though it was commercialized by whites, its soul is black. Its true roots are in Africa by way of the Mississippi Delta. Stolen from blacks by Sun Records in the guise of Elvis Presley, the music nevertheless remains true to its undeniable nature. It is a music that stands outside middle-class restraint, reveling in its sexual power, emerging from—and this is a real phrase from a real musicologist—"orgiastic magic." Some statement of primitivist obligation is essential to the pose of rock seriousness, and it is in fact part of the Beatles' persona as well.

No grand narrative is complete without a vanquished villain, and this narrative features one, too: pop music. Pop was everything rock hated. Pop was polite; rock is outspoken. Pop was false; rock is authentic. Pop was constrained; rock lets it all hang out. Pop was commercial artifice; rock is, in Pattison's portrait, Walt Whitman's "barbaric yawp," updated and indispensable to surviving a corrupt consumerist world.

Not much of this story has any merit. Rock music is obviously indebted to black forms that preceded it, but these forms aren't African. The various kinds of black music that developed here are American, and were themselves influenced by other American forms. Efforts by such music writers as Gerald Early to demonstrate the indebtedness of Sam Cooke, Marvin Gaye, and other '60s black crooners to an Italian-American model (an overtly pop model) have yet to be absorbed into this myth. There's no Romantic capital in that story. Similarly, rock is indebted to the "country" musical forms that emerged from a variety of influences, including European yodels, but there's not much Romantic capital in saying that, either.

But the real problem with this myth is its treatment of pop. Rock describes not one type of music, but a variety of styles that have influenced each other, including doo-wop harmonizing, boogie-woogie, jump forms of swing, soul music, rockabilly, etc. Looming over the other influences, however, is none other than pop.

The pop music of the '50s that was overwhelmed by rock was the last stage of big-band music; band singers like Perry Como and Rosemary Clooney displaced the bands as headline attractions after World War II, though they continued to perform in the old-fashioned idiom of the band era. While rock swept many of these singers offstage, the younger vocalists who replaced them quickly took up the same traditional pop narrative that has been going on since the 1890s, when the first commercial hit song ("After the Ball") established it. That narrative addresses a limited number of themes involving social identity, pleasure, personal fulfillment, and, above all, issues of courtship. These themes continued to dominate the new rock charts as they had the earlier songs, even though they were sung, played, and received in new ways. The musical break in the 1950s was not one of emotional substance, as the rock establishment likes to suggest; it was one of emotional style.

The separation between these two emotional styles is not nearly so distinct as rock would like to think. While rock is never threatened by its other influences—it is never about to become the blues, much less jump or country music—it has repeatedly been threatened by pop.

In fact, one of the original merits of the Beatles is, supposedly, that they arrived to rescue American rock at just such a point of decay. According to this take, Elvis had been reduced to a bel-canto fraud, singing such horrors as a rewrite of "O Sole Mio" ("It's Now or Never"); acts such as Ben E. King were doing over-lush numbers like "Spanish Harlem" and "Amor"; pop figures such as Steve Lawrence and Eydie Gorme had been sneaking back into the Top 10; the Beach Boys were doing barbershop harmonies; the model of teen excitement was Rick Nelson, a sitcom spinoff. Rock was forgetting itself amid symphonic arrangements and a crooner revival, when suddenly the Beatles exploded on the scene with three guitars, a set of drums, a bluesy harmonica, and a "Whoa, yeah!" whoop.

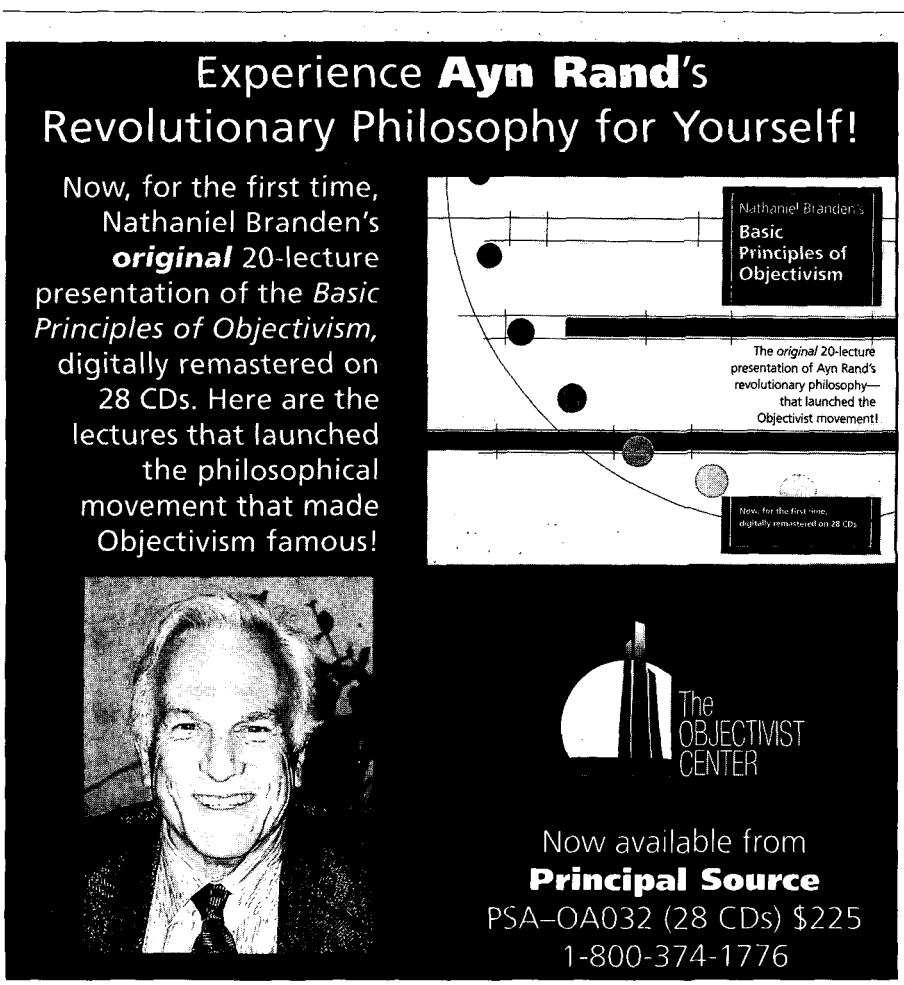
This is a tendentious picture of the time; it ignores, among other matters, James Brown, early Motown, Phil Spector, and the Atlantic Records groups (such as the Drifters), and it downplays the merits of Brill Building music. But it's not an entirely false picture, either. The Beatles,

along with the torrent of British Invasion groups that followed them into the American market, trimmed the Top 40's excrescences, invigorated its sound, and addressed its audience with new subjects.

This story is often interpreted in terms of rock's Romantic myth. According to this narrative, British musicians had been closer students of America's own musical heritage than Americans had been, especially regarding the lost heritage of the blues. British groups listened eagerly to recordings that most Americans didn't know existed, incorporated the rhythms and instrumentation into their own styles, and returned the vigorous result to surprised and delighted American audiences. This story is demonstrably true for many of the British (and Irish) groups that enjoyed American success; one can clearly hear the influence in the early hits of such groups as the Animals, the Yardbirds, Them, the Spencer Davis Group, and, obviously, the Rolling Stones.

This story is applicable, at least in part, to the Beatles as well. For two years after their explosion into the American market, the Beatles released a long series of singles and albums in the American style. Their own compositions and their choice of cover versions reflected their enthusiasm for the music of such U.S. artists as Chuck Berry and Little Richard, and their willing adherence to the familiar pop themes of courtship and fulfillment. This was the "early Beatles" period of making music to dance and cruise to. It seems to be the preferred Beatles period for many leading-edge boomers, perhaps because, as radio and party music that was used socially, it's evocative of their adolescence.

But this is not the music that has shaped the Beatles' later reputation. If the group's career had ended in 1965, it would probably be remembered—with as much embarrassment as pleasure—for the intense mania it inspired, and only secondarily for the songs. Although it's largely forgotten now, a Beatles backlash was gaining steam by the time *Rubber Soul* was released in 1965. The group's cherubic cheerfulness was beginning to seem flabby compared to other groups' tougher material. Yet the Beatles today occupy a uniquely transcendent position in the rock world, and a reputation for innovative genius. How did they achieve this? By turning down rock's volume.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What your mother should know

With the release of *Revolver* in 1966, the Beatles began to transform themselves from teen idols into storytellers. Throughout the album, they display a genuine talent for creating characters, states of mind, and dramatic situations, and for doing so by suggestion and with the use of spare images. In other words, the album invited not only a rock listening, but a literary listening. The outstanding example is "Eleanor Rigby," a Bronte novel in miniature, unrecognizable as a rock number. But songs like "For No One," "She Said, She Said," "And Your Bird Can Sing," and "Tomorrow Never Knows" are all departures from the rock idiom, offering unusual imagery, surprising allusions, and verbal riddles. Most of the cuts are heavily melodic and carefully arranged. One of the album's chart hits, the sing-song "Yellow Submarine," reaches back beyond rock for its inspiration. A children's song, it pointed in the direction the Beatles were to go: the British Music Hall.

Sgt. Pepper's (1967) may well have transformed the rock world, but it owes nothing to rock's Romantic myth. It is built largely from the music and imagery of the Victorian and Edwardian pleasure palaces of the industrial working class. (Herman's Hermits had already revived the Music Hall standard, "I'm Henry VIII, I Am," but as a 1965 novelty song.) Though the Beatles approached the material with a literary sensibility, especially irony, songs like "When I'm 64" and "Lovely Rita" are effective evocations of antique Music Hall style, while "Getting Better" and the melodramatic "She's Leaving Home" make sympathetic use of antique emotion. Indeed, the corny, melodic sentimentalism of the Music Hall repertoire was a rich vein for the group, and they were never to abandon it.

A long list of later Beatles songs is drawn, directly or indirectly, from this tradition: "Martha, My Dear," "Your Mother Should Know," "Penny Lane,"

"All You Need Is Love," "All Together Now," "Ob-La-Di, Ob-La-Da," "Honey Pie," "Maxwell's Silver Hammer," "Magical Mystery Tour," "Good Night," and almost everything on the B side of *Abbey Road*, down to and including the inner-groove run-out, "Her Majesty." While the Beatles continued to write and record rock songs such as "Revolution" and "Come Together," and while they engaged in some entirely different musical experiments on the White Album, the influences that shaped their major, later output—most of the music for which they are best known—emerges from an antique pop style.

These two elements of the Beatles' career—their development as narrators, and their exploitation of Music Hall content and style—lift the group's music into a context of its own. It is these elements that are able to claim the attention of an audience that was born long after the group broke up. But what do either of these elements have to do with the mythology that the rock establishment embraces? Precious little. In the end, the rock world's head was turned by music that was sweet, corny, artificial, and intensely sentimental. Rock has yet to come to grips with this.

"Their music doesn't grow old," according to Beatles authority Bill Harry, compiler of the 720-page *Ultimate Beatles Encyclopedia*. Actually, much of it is drawn from musical conventions that were so old that the group's American following didn't know them. Fans were free to create their own context for the music, and to create their own associations and meanings. That the music's sensibilities arrived from such sources as Paul McCartney's musician father didn't matter decades ago, and certainly doesn't matter now. "A lot of my musicality came from my dad," says McCartney in the new Beatles coffee-table book. He cherishes his boyhood memories of lying on the rug while his father played the piano and explained the "clever" parts of the old songs he once performed. According to Paul, such memories are why he is "so open about sentimentality."

The Beatles' 21st century fans are already assembling their own memories of the group, choosing among Beatles "eras," and even asserting their primacy. One of them recently told *USA Today* that "In some ways, we are more sincere fans in that, unlike the baby boomers who see The Beatles as a form of nostalgia, we pick The Beatles over all the music of today and make a conscious choice to experience a group of 35 years ago."

"We hope you all will sing along," sang the Beatles in *Sgt. Pepper's*. In fact, singing along, pint in hand, was a staple of the 19th century Music Hall experience. In a sense, everybody did sing along, and more fans than ever seem to be joining in. Many of the original boomers thought at the time that the Beatles were helping raise the roof of a new culture. If so, they did it by opening the longest lasting Music Hall performance of all time, entertaining, infectious, and dripping with sentiment down to the last note.

Charles Paul Freund (cpf@reason.com) is a senior editor of REASON.

Fun City Confidential

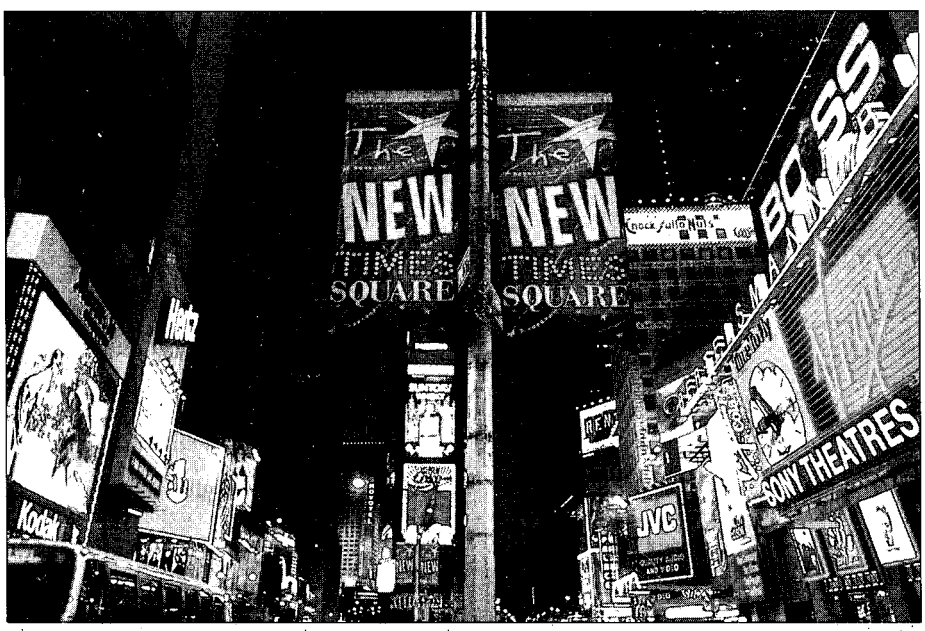
Why New York's sex industry still flourishes

By Trav S.D.

In his book *Low Life* (1991), Luc Sante describes New York in the years from 1840 through 1919 as a city alternating between morally liberal and reformist mayors. In Sante's scenario, "vice," like a cockroach, will boldly venture out into daylight, only to scurry back into the shadows when the law's crude broomstick looms.

But vice, whether in daylight or shadow, never stops doing business, as the police well know. Certainly, the hidden agenda of anti-vice law is as much political as it is moral. Authorities make a show of Cleaning Things Up, while (not coincidentally) raising property values in target neighborhoods. What the applauding public and press fail to consider is that human society has an ecological quality: Dam a river and unexpected pressures cause chronic flooding in unlikely places.

Enter Mayor Rudy Giuliani. He had barely finished repeating the oath of office in 1994 when he famously started squelching a panoply of "quality of life" crimes: turnstile jumping, panhandling, street vending, drinking alcohol on the street from open containers, marijuana possession, unlicensed dancing in clubs, and the like. Giuliani's list was a long one, and for the most part, residents signed on to the effort. The public drew the line, however,



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when he took on jaywalking and subway coffee-drinking, a ubiquitous pair of crimes in caffeinated New York.

The stress of New York life may also account for another common "crime" that Gotham's Comstockian mayor was proud to confront: the city's unparalleled sex industry. Long headquartered in Times Square, New York's red-light district (made famous by such movies as *Taxi Driver* and *Midnight Cowboy*) is effectively no more. In 1995, the mayor pushed a law through the City Council stipulating that no sex-related business be located within 500 feet of a school, a church, a park, or another X-rated business. The law also mandates that no more than 40 percent of any inventory of books, videotapes, or other such products be X-rated. After a series of court challenges, the law went into effect in August 1998.

By official count, there used to be 144 X-rated establishments in New York City. Today, after the crackdown, police are proud to report that there are only 142.

Infrequent visitors to Fun City are routinely shocked. Thanks to Giuliani's legislation and the creation of the Times Square Redevelopment Project (a "public-private partnership"), 42nd Street between 6th and 8th Avenues now has the character of a suburban shopping mall. Movie theaters, chain restaurants, video arcades, and Broadway theaters (which nowadays specialize in shows based on Hollywood films) line a street kept pristine by an army of red-uniformed custodians.

The transformation is so thorough that one may forget to ask the obvious question: Where did all the perverts go? Are they home reading the Bible? Are they investing time and energy in monogamous relationships? Or did they simply find a new, less prominent emporium in which to buy the goods they want?

Where is New York's audience for sex? Everywhere. Just as Prohibition transformed a subculture of drinkers into a generation of drunks, New York has become a city where deviant sex has been mainstreamed.

Like true entrepreneurs, legitimate Manhattan clubs and theaters have filled a yawning market niche by offering artistic smut—all within a mile or two of the former epicenter of XXX offerings. For example, at Fez, a chic "Noho" night club, one can catch *The Va Va Voom Room*, a "classical burlesque show" hosted by the latex-attired Miss Astrid and featuring a succession of scantily clad cuties like Dirty Martini, a Rubenesque beauty who strips down to her shoestring. At Soho's upscale Spy Bar, one can't miss Tanya the Queen of Magic, a 60-ish topless dancer wearing a Minnie Mouse mask. At the Blue Angel Exotic Cabaret, just around the corner from New York University, see Miss Bonnie Dunn do her fan dance. At the Lower East Side's Present Company Theatorium, one can see the Bindlestiff Family Cirkus, featuring fire-eating fellatio (actually a flaming dildo) and a plate-spinning act wherein the stick is gripped firmly in the performer's vagina. Down the street at the Slipper Room, the World Famous Bob, clad only in g-string and pasties, spins her breasts like airplane propellers. Across from the Slipper Room is Baby Jupiter, where sex worker Melanie Mile strips naked and dances with a knife, which she sticks you know where.

That's all late-night entertainment. At happy hour, stop by Justine's in Chelsea, an S&M theme bar—sort of a TGIF's for swingers—where the waiters and waitresses take turns whipping each other for tips. Or you can try the non-alcoholic Hellfire Club, a few blocks away in the meat-packing district, where the *patrons* take turns whipping each other for tips.

But enough about art, you say. What about Joe Six-Pack? Where do New York's red-blooded meat-and-potatoes men go for an old-fashioned skin show now that Rudy's closed down all the old sex clubs?

"Long Island City, around the base of the 59th Street Bridge," says one trench-coated aficionado, who prefers to remain anonymous. Oh, and there's the Sunset Park waterfront in Brooklyn, where many of the Times Square–area businesses relocated after the crackdown. Both have emerged as competing red-light districts in the wake of Rudy's Raids, enough so that clergy in both neighborhoods have begun campaigns for better enforcement.

Those who prefer to remain in Manhattan can still visit a number of their favorite floor shows, many of which are hilariously transparent about their evasion of the law. The former Billy's Topless is now called Billy's Stopless. (Indeed, "stopless" dancing has become all the rage at other former topless clubs, such as the Baby Doll Lounge, the Kit Kat Club, and Legz Diamonds.)

Finally, three or four joints in the Times Square area remain stubborn islands of dirt in an otherwise wholesome sea. The biggest and most famous of these is Show World (perversely identifiable by its child-like carousel-themed décor). While seedy sex-hawkers hiss "Girls! Girls!" to likely-looking passersby on the sidewalk, precisely 60 percent of its space (and not an inch more) is devoted to Off-Off-Broadway legitimate theater. It recently showcased a topless version of *Measure for Measure.*

What, then, is the bottom-line result of Mayor Giuliani's crusade? Prior to the Times Square crackdown (and the closing of 60-odd sex shops), there were 144 X-rated establishments supplying New York City's demand. Today, the cockroach-counting police are proud to report that there are only 142.

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Foreign Policy Folly

A worrisome conservative strategic vision

By William Ruger

The United States today is a superpower without rival, perhaps even a modern empire. It dominates the world like no other state since Rome commanded the Mediterranean. America's legions are deployed all over the globe, its generals act like proconsuls, and its ships and submarines rule the seas. The United States' allies depend on American military power for their security, fearing that it will someday fold up its standards and return home. Even the United States' rivals acknowledge its power while hoping for its decline.

But how long can this "unipolar moment" last? And is such an imperial position necessary to secure and advance America's interests and values? *Present Dangers*, a volume edited by Robert Kagan of the Carnegie Endowment and William Kristol of the *Weekly Standard*, is a salvo aimed squarely at those who are skeptical that this moment can endure and that the United States requires a Roman solution for the needs and health of the American republic. *Present Dangers* is a compilation of pieces by many of today's most prominent conservative internationalists. Although performed by a chorus, the authors sing a relatively consistent medley in support of Kagan and Kristol's call for an American foreign policy of "benevolent global hegemony."

Present Dangers: Crisis and Opportunity in American Foreign and Defense Policy, edited by Robert Kagan and William Kristol, San Francisco: Encounter Books, 401 pages, $22.95

This book is also a philippic against those who have allowed—or whose guidance would contribute to—the crumbling of the current international order and the American power on which it is built. The indicted include the Clinton-Gore administration, amoral "realists," and conservatives attracted to "isolationism." Unfortunately, the conservative internationalist vision offered in *Present Dangers* is neither

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Art for Money's Sake

Hollywood's uneasy relationship with the almighty dollar

By Michael Young

Next time you see a film produced by the contemporary corporate progeny of Metro-Goldwyn-Mayer, be sure to read the Latin phrase above the roaring lion's head: *ars gratia artis*—translated as "art for art's sake." This enduring manifestation of Hollywood kitsch—what you can't understand must be classy—is all the more exotic in that MGM always made its films for *money's* sake. And yet the phrase reveals a peculiar tendency of film executives, both past and present, to inject respectability into their mainly mercenary ventures by claiming artistry and good taste.

Taste and commerce have long had a difficult relationship. No cultural High Mass reveals this better than the annual Academy Awards ceremony, in which a small coterie of Hollywood film people congratulates, mostly, a small coterie of Hollywood film people. Every year one hears the customary moaning that it is the expensive productions that win the awards, while the smaller, independently produced films are left picking up, at best, soon-forgotten nominations.

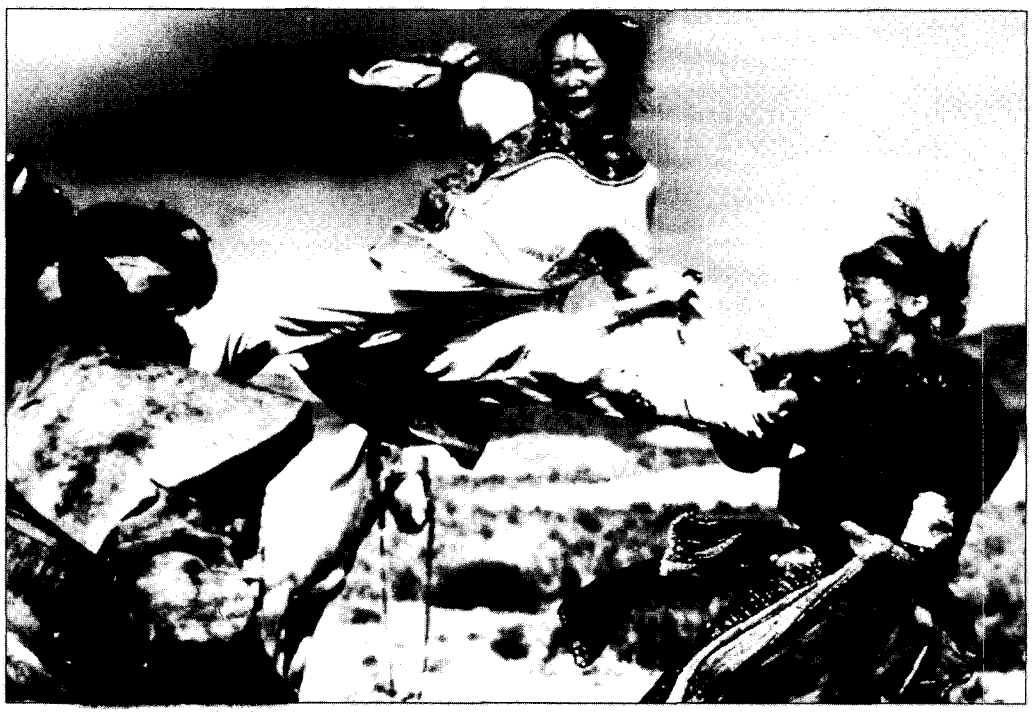
The implicit assumption is that commerce undermines art, so the pocket-sized films shot on paltry budgets by directors whose names no one can pronounce are good, while ostentatious super-productions are vulgarity incarnate.

Obviously the problem is elsewhere. A mountain of money won't save a badly scripted, indifferently directed film. Nor can hell be quite as well approximated as by that tranquil, intimate *oeuvre* by the hot new Manhattan-based Mongolian director who refuses to sell out to Hollywood by cutting down his six-hour meditation on yaks to a mere four hours.

Yet as Salman Rushdie suggested recently in *The New York Times*, a crop of new and popular international films, most notably Ang Lee's "shoestring" $15 million epic, *Crouching Tiger, Hidden Dragon*, might take U.S. viewers back to the days when they could "accept subtitled foreign films in the giant cineplexes where the big money is made." *Crouching Tiger*, which took home an Oscar for best foreign film, has certainly made big money: The film has already grossed well over $100 million in American theaters and is still going strong.

What Rushdie implied was that the public would go for taste. Indeed, but just how the public defines what is tasteful, and through what means, has changed considerably over time. Gone are the days when critics and intellectual gatekeepers had an overpowering influence over the public's artistic preferences. Part of the reason is that such figures no longer have a commanding hold on status; in the case of movies, nobody really cares what latter-day Pauline Kaels and Bosley Crowthers have to say. At a time of Internet and satellite communications —in other words, in an age of choice— the public can easily circumvent tastemakers, deal directly with like-minded consumers, and set down subjective guidelines for what they like and dislike in films and other art forms.

Which brings us back to commerce and art. While *Crouching Tiger* was indeed fine fare, its success had nothing to do with its purported similarity to the art-house films favored by the critics decades ago. Its success came from Lee's ability to read what the market demanded and to fulfill this demand by crafting a kung fu fantasy that abided by the infallible rules of commercially successful popular narratives. That he did so while managing to leave behind a piece of himself was all the more commendable. In the end, the public enjoyed *Crouching Tiger* instinctively, not according to supposedly objective artistic criteria set down by critics who spent several years hacking through impenetrable Amazonian lianas of film theory.



SONY PICTURES ENTERTAINMENT INC.

But is that enough? Commerce and art have in fact often been complementary. For example, the creative genius of Renaissance art, despite the aesthetically weighed spin critics have deployed to explain it, was

primarily the result of an expansion in commerce that made art consumers (then mostly the upper crust) wealthy and eager to own a larger number of more varied paintings. This, in turn, prompted painters to innovate in order to compete for customers, with success bringing wealth and social status. As historian Lisa Jardine has noted, a Renaissance painter's reputation did not rest "on some intrinsic criteria of intellectual worth," but on market appeal.

So the market can produce quality, but isn't there something irritating, some will protest, in the arrogant way with which Hollywood carries itself? Isn't there something indecent in those astronomical film budgets that provide individual movie stars with more money than most of us could hope to steal in several lifetimes?

The first comment is irrelevant, since success belies irritation, while the second is misguided, since the market is impatient with morality. The fact is that Hollywood, for all its flamboyance, is remarkably democratic: If the public doesn't like a film, it avoids watching it. Nor are film budgets in the U.S. paid out of the public's pocket, as they often are in other, supposedly more enlightened countries. If Julia Roberts can pout her way to fortune, then it means that she can bring in a great deal more money than the fees she demands.

It is forgotten that Hollywood became what it is, or was, because it had vast reserves of money to throw around. The old studio system was extravagant, but it allowed Hollywood to collect a farrago of the finest directors and actors ever. It was also—as profitable undertakings inevitably are—ecumenical in its voracity, importing regiments of talented foreigners, from Jean Renoir to Alfred Hitchcock to Greta Garbo to Fritz Lang to, well, Ang Lee—the list is endless. Commerce brought these people to the U.S., allowing them to make great films and bad. Money and competition made them ever more innovative. It was art for money's sake. Or better still, money for art's sake.

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SCOTT STANTIS

wise nor particularly conservative, and should be rejected as a guide for the future of American foreign policy.

The collection opens with an introductory essay by Kagan and Kristol that lays out the overarching foreign policy outlook that animates the entire book. In this crucial chapter, the editors blast the Clinton administration for a "squandered decade" and outline a policy designed to secure and reinforce the United States' endangered hegemonic position in the world. The editors begin by explaining that there is a "present danger" threatening to create a situation no less problematic than the Soviet menace was during the late 1970s. This danger is that "the United States, the world's dominant power on whom the maintenance of international peace and the support of liberal democratic principles depends, will shrink its responsibilities and...allow the international order that it created and sustains to collapse."

Kagan and Kristol assert that this danger was created in the 1990s, during which the United States squandered the opportunity to transform "a 'unipolar moment' into a unipolar era." They argue that instead of building on its preeminent position at the close of the Cold and Gulf wars, the United States failed to properly meet challenges posed by "dangerous dictators" and a rising China. It also allowed the military to be hollowed out while generally passing up the opportunity to "strengthen and extend an international order uniquely favorable" to this country. As might be expected from these conservative stalwarts, the Clinton administration bears the brunt of the authors' blame for these failures. However, they also tag the first Bush team for not going far enough in the Gulf War, and for failing to act forcefully at the beginning of the Bosnian crisis.

Fortunately, according to Kagan and Kristol, all is not lost for the United States and the precious international order it underwrites. There is still time to act, though the opportunity to save America's hegemony is dwindling due to the speed at which danger grows in international politics. Therefore, "Everything depends on what we do now."

The remedy Kagan and Kristol prescribe is a muscular foreign policy aimed at preserving and extending America's hegemonic position in the international system. In essence, this is a strategy of active engagement, designed to structure the international environment in a manner favorable to U.S. interests and values. To achieve this end, they offer a plan that is unquestionably bold.

First, the United States must increase defense spending by up to $100 billion per year and build a missile defense system. Such an increase would rocket the defense budget up to as much as $400 billion per annum. Second, because "threats to the interests of our allies are threats to us," the

U.S. must make a more serious commitment to its allies. Third, instability and uncivilized behavior in vital regions should be treated very seriously because "eventually, the crises *would* appear at our doorstep."

Indeed, Kagan and Kristol assert that in order to safeguard our interests, our values, and the current international order, the U.S. must take the lead in "resisting, and where possible, undermining, rising dictators and hostile ideologies." Meeting these challenges will sometimes require military intervention abroad, "even when we cannot prove that a narrowly construed 'vital interest' of the United States is at stake." Kagan and Kristol are quick to point out that this does not mean that the U.S. has to stamp out every "evil." Furthermore, they explain, any rigid decision formula for intervention is unnecessary and unwise. Instead, they leave it up to enlightened statesmen to prudently judge when such interventions are right and proper.

Finally, with strong allies and a robust military at its back, the United States would be free to "set about making trouble for hostile and potentially hostile nations." To wit, America could, indeed should, actively spread its values and seek regime changes in the states of its foes, real and potential. Kagan and Kristol are flexible regarding how to effect these transformations. In some cases, they are quite hawkish. If they had their druthers, the United States would have fought its way to Baghdad to remove Saddam Hussein during the Gulf War and invaded Serbia proper during the Kosovo crisis in order to extirpate Slobodan Milosevic. In other cases, the preferred means are less dramatic, including sanctions, support for rebels and dissidents, and "diplomatic isolation." In short, their strategy calls for the Reagan Doctrine with a side of America's Cold War Cuba policy.

Kagan and Kristol clearly hope that this foreign policy will reinforce an international order that secures and advances American interests while simultaneously inhibiting the emergence of any future dangers. They also believe that their vision will restore a sense of moral purpose to the country's foreign policy. Such a policy would build on a broad notion of the "national interest," one that harks back to what they believe is an American tradition of honor, greatness, and the fulfillment of our liberal values abroad.

The remainder of *Present Dangers* fleshes out this brand of right-wing internationalism. Included are chapters penned by important members of the conservative movement with backgrounds in government, journalism, academia, and the think-tank world. The bulk of these are contained in two comprehensive sections that focus on important threats to the United States and the assets necessary to meet them. The chapters in the first of these sections, titled "The Mounting Threat," concentrate on the usual suspects: China (Ross Munro), Russia (Peter Rodman), Iraq (Richard Perle), Iran (Reuel Marc Gerecht), and North Korea (Nicholas Eberstadt). Those in the next section examine the allies and instruments required to fulfill the overarching vision offered in *Present Dangers*, including pieces on Europe and NATO (Jeffrey Gedmin), our Asian allies (Aaron Friedberg), Israel (Elliot Abrams), the U.S. military (Frederick Kagan), and missile defense (William Schneider). Other selections include broader historical and philosophical chapters by James Caesar, William Bennett, Paul Wolfowitz, and Donald Kagan.

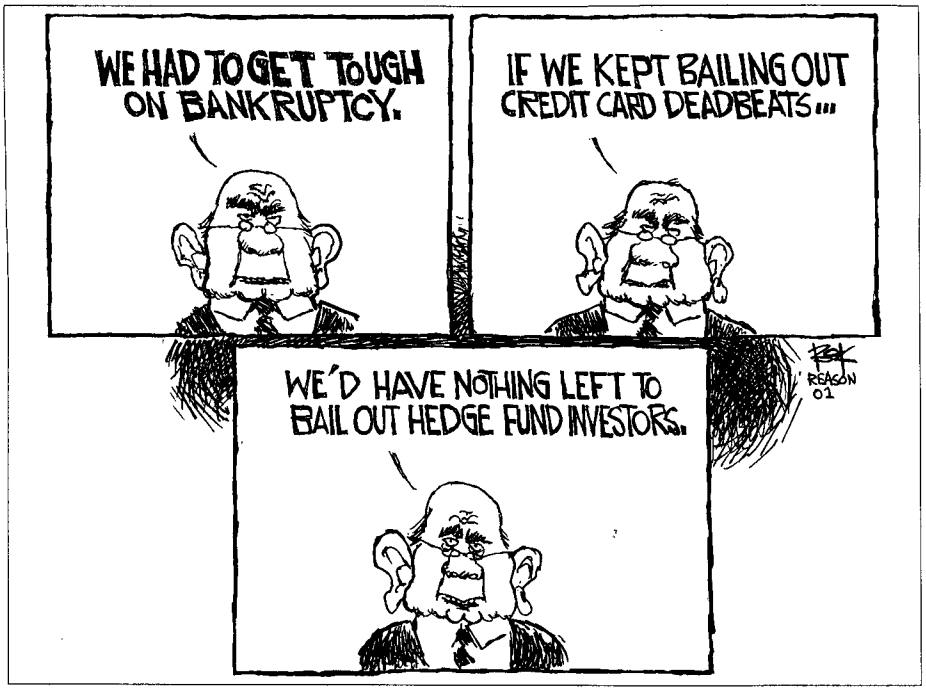
Present Dangers outlines a policy that will threaten rather than preserve many of America's traditional values, such as individual liberty, small government, and anti-militarism.

Unfortunately, space limitations prevent me from discussing any of these chapters in detail. The best are those by Friedberg, Wolfowitz, and Gerecht. Carefully and cautiously wrought, these pieces are often insightful, if not ultimately convincing. The most troubling chapters include the highly partisan and scare-mongering essay on China by Munro and the saber-rattling piece on Iraq by Perle. Donald Kagan's contribution is especially frustrating for its selective reading of history and his failure to appreciate the key differences between the past and our present.

While certainly worth reading and pondering, *Present Dangers* outlines a foreign policy that is a recipe for disaster. Though these conservative internationalists are right to deride the Clinton administration and its liberal internationalist policies, they ultimately fail to make a compelling case that the United States should attempt to turn the unipolar moment into an enduring Pax Americana. Most important, their foreign policy vision is strategically unsound and more likely to damage American interests and values than promote them. Considering the impressive roster lined up in this book, it is surprising and unfortunate to see them err so dramatically. It is more surprising still that these conservative wisemen have taken their cues from Theodore Roosevelt and been guided down a path that is actually not conservative at all.

The most significant weakness of *Present Dangers* is that the foreign policy it prescribes is built on a flawed understanding of international politics. Its authors fail to appreciate that seeking to maintain hegemony is an excessively costly and ultimately fruitless effort. By Kagan and Kristol's own calculations, the minimum cost to implement their policy will be more than $1 trillion every three years. This does not even account for expenditures arising from any interventions, let alone wars, that may become necessary to maintain American primacy. Such spending "needs" are truly remarkable considering that U.S. military spending already accounts for more than one-third of military expenditures worldwide, and few of our rivals are among the top 10 spenders. (In fact, the biggest spenders are actually friendly states.)

A policy aimed at ensuring global dominion could be costly in terms of lives as well. Defending the widely cast alliance system advocated in *Present Dangers* could involve the United States in bloody battles in places with little direct relevance to


WE HAD TO GET TOUGH ON BANKRUPTCY.
IF WE KEPT BAILING OUT CREDIT CARD DEADBEATS...
WE'D HAVE NOTHING LEFT TO BAIL OUT HEDGE FUND INVESTORS.
REASON 01

American interests. Even if these allies remain out of harm's way, who knows how many lives could be lost in the various interventions contemplated by these authors?

The financial and human costs prescribed by this book might be reasonable if the threat environment demanded it. Yet the United States is incredibly secure. Even if it retrenches, American interests will be safe for the foreseeable future. For one thing, the balance of power in Eurasia, a traditional American concern, is in no danger of being overturned. Additionally, U.S. rivals face significant obstacles to becoming serious threats. The U.S. also enjoys a robust nuclear deterrent force, powerful and technologically superior conventional forces, and still-relevant geopolitical advantages. In fact, U.S. security is very much assured, especially given that America faces a relatively benign threat environment. Therefore, such a vast price is hardly necessary. Contrary to what we read in this book, the sky is not falling anytime soon, and America can easily afford to reshape its security policy in a manner consistent with this reality.

American hegemony is sure to be costly in terms of blood and treasure, but it is also fruitless in the long term. Considering that unipolarity is a historical oddity, it is almost given that other states will eventually rise up and challenge any attempt by the United States to dominate the international system ad infinitum. Indeed, as most students of international politics know, the exertions of maintaining hegemony will only increase the incentives for others to balance American power. This is particularly the case when the hegemon explicitly sets about "making trouble" for those who fail to conform to its preferences. In fact, Peter Rodman's chapter on Russia presents evidence that current U.S. dominance may already be provoking counterbalancing behavior.

Furthermore, it is commonly known that hegemons bear the seeds of their own destruction. The cost of underwriting the international order is borne mostly by the dominant power, thus allowing others to free-ride. This serves to erode the relative power of the hegemon, making its dominance unsustainable in the long run. These free-riders also narrow the gap by emulating the successful superpower and benefiting from the natural diffusion of its superior technology. Hegemons also tend to suffer from "imperial overstretch," which further diminishes their power.

A wiser policy for such a fortunate state would be to extend the life of its relative position by taking advantage of the opportunity to retrench and reduce its defense spending. This strategy would allow the unipolar power to return freed up financial and human capital to the private sphere where the wealth and technological advances necessary for long-term security are created.

Another flaw in the logic of this book's overarching vision is its assumption that there is what academics call "a seamless web of interests" that binds the security of states together. This assumption, which is based on a rather selective reading of world history, posits that threats to others are actually threats to the U.S. itself. It is also the root of the claim that instability and crises abroad will adversely affect American interests if they are allowed to fester. However, we should view these arguments no more seriously than we now view the old domino theory. They are kindred ideas, and the assumption underlying them is as likely to get the U.S. into trouble now as it did in the past. In fact, it already has, considering that this assumption was, and remains, at the base of the rationale for our ongoing involvement in the distant and strategically unimportant Balkans.

Present Dangers hardly offers the conservative vision it advertises, at least in the American sense of the word. First, it is a policy that will threaten rather than preserve many of America's traditional values, such as individual liberty, small government, and anti-militarism. As has been pointed out by a number of historians, war and preparing for war are the soils that nurture the growth of state power, burdensome taxation, conscription, and militarism. If American conservatism should stand for anything, it should be the goal of limited government. Yet the primacist policies offered here guarantee the opposite: a leviathan.

Second, rather than an American conservative vision aimed at protecting a free society of individuals, *Present Dangers* offers a communitarian perspective that seeks, in Kagan and Kristol's words, "honor and greatness" for the nation. In this way, it is a Greek as well as Roman strategy. Indeed, one can see a lot of continuity between this book and the spirit of the Athenian *polis*. The Athenians saw virtue in the individual sacrificing for the greatness, glory, and honor of the community. Indeed, the greatness and honor of the *polis* defined those of its members. Pericles even went so far as to argue that someone without interest in the duties of public life was "a useless character."

The American tradition is quite differ-

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ent. It suggests that the state should seek neither glory nor honor. To the contrary, the state is charged simply with protecting individuals who fulfill their dreams and aspirations in the private, not public, sphere. Surely the Greek spirit that animates *Present Dangers* is not consistent with the American vision of the relation between the state and the society it protects. Actually, these conservatives could learn one thing from the once-great Athens: that striving for glory, honor, and hegemony leads to ill-conceived endeavors like the expedition against Syracuse that fatally wounded our democratic ancestor during the Peloponnesian War.

Lastly, rather than a policy rooted in conservatism, the vision presented in *Present Dangers* instead succumbs to what F.A. Hayek called the "fatal conceit" of modern liberalism: "that man is able to shape the world around him according to his wishes." While a few contributors, notably Friedberg, are careful to avoid this conceit, one senses in this book a certain hubris about the ability to control events in world politics. Once you believe that "everything depends on what we do now," it is easy to stumble down a path to doom.

Instead, the United States must realize its limited capacity to control events in international politics. Indeed, it must rid itself of the unrealistic belief that every seam is connected and that the United States should or could repair any tear in the fiber of world peace and stability. Once these fallacies are understood as such, America, and perhaps even conservatism, can safely return to normalcy. ◆

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Laissez-Faire Fiction

Who says free-market ideology rules the world?

By Brian Doherty

Free marketeers of the world can rejoice: The intellectual and political battle over whether the state must or should intervene in the economy is over. Neither governments nor intellectuals still question or interfere with anyone's right to buy or sell on any mutually agreed terms; no one receives orders about how they must deal with, pay, hire, or fire employees; no one taxes, subsidizes, sets tariffs, or regulates international trade; no one openly posits the benefits of state control or planning.

Professional partisans, think-tankers, and journalists in the free-market cause should be especially proud, says James Arnt Aune in his new book, *Selling the Free Market.* In his telling, it wasn't irresistible historical and economic forces that raised the free market to its current unquestioned and total dominance. It was purely a victory for ideological cheerleading. "The triumph of free-market rhetoric does not require an elaborate theoretical explanation," writes Aune, an associate professor of speech communication at Pennsylvania State University. "The...triumph of the market comes down to money, public relations skills, and the mobilization of the energies of a dedicated cadre of libertarians."

Selling the Free Market: The Rhetoric of Economic Correctness, by James Arnt Aune, New York: Guilford Press, $23.95

To be fair to Aune, he doesn't really think that the free market, or its rhetoric, has in fact vanquished all opponents and that we now live in a laissez-faire utopia. Indeed, his book makes abundantly clear that he doesn't believe a word of his clearly nonsensical proposition. His blustery comments are simply rhetorical boilerplate of a specific sort (a sort Aune the rhetorician curiously leaves unanalyzed). Such grandiose statements are meant to convince a reader (or editor) that a book is vitally important. If he were brutally honest about the small number of people who actually take seriously the political philosophies of Ayn Rand, Murray Rothbard, and Robert Nozick (among the thinkers dissected at length by Aune), his book would seem far less vital than it does by attacking an allegedly dominant mindset. No wonder Aune links Rand, Rothbard, and Nozick to Ronald Reagan—he was president, right?—and tells his readers that these free-market maniacs are intellectual colossi whose nefarious notions control those who control the levers of power.

Aune is hardly alone in inventing, or grossly exaggerating, the supposed dominance of free-market thinking. It's a common trope among leftists these days, with Thomas Frank, author of the recent *One Market Under God: Extreme Capitalism, Market Populism, and the End of Economic Democracy,* being perhaps the most prominent adherent of the notion that pure market ideology has conquered the world.

Would that it were so. While there is certainly more general agreement among policy makers that markets are efficient than there was 25 years ago, such a grudging recognition can hardly be confused with a total victory for capitalism, much less limited government or the free-market libertarianism that particularly seems to irk Aune. Tellingly, when Aune does a quick analysis of free-market arguments in three public policy fights, he picks ones in which they always lose: the minimum wage (it keeps going up), farm subsidies (they keep going out), and labor unions (still embroiled in government regulation).

In fact, as one plows through Aune, the market's "universal triumph" seems to keep shrinking: Aune stresses frequently that radical libertarianism—belief in a government restricted to national defense and running a court system, if even that—must perforce be anti-democratic since most people reject its tenets. He points out how one free-market academic, economist Lee J. Alston of the University of Illinois, got support from the Manhattan Institute, and "wonders why the academic world is unable to deliver these [free-market] arguments without a subsidy from a think tank funded by the very rich."

On Aune's own presentation, then, free-market libertarianism holds no sway

in policy, with the public, or in the academy. (Incidentally, that bit of rhetorical nastiness about think tank funding of free-market academics deserves a retort in kind. The ad funderam is a rhetorically illegitimate argument under any circumstances. Ideas and analyses should stand or fall on their strength, not on who paid for them.)

With chapters devoted to Rand, Rothbard, Nozick, Charles Murray, Ronald Reagan, and Newt Gingrich, Aune promises a unique contribution to criticisms of the free market: an analysis that is not economic or ethical, but rhetorical—one that will elucidate the significance of *how* free-marketeers make their case. Aune takes a few, stumbling steps in this direction, but it is by no means the book's primary focus. Aune does not really want to understand those who love free markets; he wants to smear them.

Sometimes he does this subtly. For instance, when his subjects believe something that he doesn't understand, or when he can't be bothered explaining the obvious flaws he sees in their reasoning, he simply disparages the idea as "an article of faith" among free-marketeers. (The gold standard is thus dispatched.) More frequently, Aune is openly disrespectful toward both subject and reader.

For instance, is it intellectually honest to refer to "a Holocaust revisionist website that includes an article by Rothbard on 'the importance of revisionism for our time'" without explaining that Rothbard was referring to general historical revisionism—analysis that questions elements of standard, popularly understood history—and not to Holocaust revisionism? Is it illuminating to write, "It is a comparatively short step, alas, from Nozick's arguments to the rantings of the National Rifle Association"? (Aune doesn't analyze those "rantings," by the way. He merely hits them with that insult.)

Is it fair to say that *Bell Curve* and *What It Means to Be a Libertarian* author Charles Murray wants "a return to the Old South" because he believes people should be free to choose with whom they associate? It's all a little dirty, of course, but Aune is here to win a fight, not to understand or help his readers understand.

When he does discuss free-market rhetoric, Aune looks askance at its "realist" style, which implies that the speaker has seen through "the pretensions of poets, dreamers, and romantics" and understands the way the world *really* works. The realist style's worst byproduct, avers Aune, is public-choice theory, since it inculcates contempt and mistrust for democracy by suggesting that politicians, like businessmen, can be assumed to act in their own self-interest. This, argues Aune, makes public-choice theory "the greatest threat to equality and democracy since the pre-1937 Supreme Court."

Another aspect of the "realist" style that gripes Aune is the unintended-consequences argument. Why? Because such arguments, he says, allow their champions (and by extension anyone who agrees) to feel more clever and far-seeing than those dolts who see only the obvious. Fair enough—such arguments probably do have such effects on the self-image of those who promulgate and accept them. (Of course, the same could be said for many sorts of arguments.) But what is more important is the heart of the matter: Is it true that government's good intentions don't necessarily lead to good results, and if so, when don't they and why? Aune doesn't bother with such questions.

Ironically, Aune makes his own realist rhetorical gambit, portraying himself as the savvy guy who actually looks at the grim, real world that exists apart from the cheerful rhetoric of the marketeers. In his "realist" mode, for instance, he blames free-market thinking for the savings and loan collapse in the 1980s—in Aune's world, free markets somehow equal government guarantees for business losses. He's more on-target when he blames free markets for crowded airplanes. Unfortunately, he fails to point out that airline deregulation and market pricing of tickets is the only reason that most of us can afford to fly.

He should have stuck to rhetoric; when he discusses Ayn Rand's literary techniques during her character's speeches, he can actually teach. As a public policy analyst, which he plays at for most of the book, he's a great rhetorician. But then Aune doesn't really think libertarians belong in the world of rhetoric, considered as the art of reasoned persuasion. He insists that "the very nature of libertarianism requires a fundamental suspicion of the art of persuasion, since the effort to persuade another appears to violate the value of personal autonomy." In such a moment, Aune reveals himself as either the most radical libertarian of all, or just an intellectual vandal.

What energizes Aune's considerable animus toward markets and their champions? As a self-described "old-fashioned socialist," Aune's gods are democracy and community, unalloyed goods whose benefits are beyond questioning (however vague such concepts may actually be). Libertarianism's emphasis on the individual's right to life, liberty, and the pursuit of happiness represents perhaps the most obvious challenge to this world view. Indeed, it is far more of a challenge than traditional conservatism, which at least shares with "old-fashioned socialism" an interest in top-down authority, community, and (for those "old-fashioned" leftists at least) some semblance of tradition.

Aune has presciently seen that an unholy alliance between what has long been understood as the libertarian right and the postmodernist left may be approaching cultural dominance.

As much as anything, what steams Aune is that libertarians speak a language which appeals to a constituency he presumes belongs to him. The traditional leftist Aune is dismayed by what he takes to be the weak wills of the "postmodernist academic left." He writes, "Most recent left-academic critiques of conservatism have emphasized the Christian Right. My conviction, however, is that by far the greatest danger emanates from unreconstructed libertarianism. Unfortunately, much of the agenda of the postmodernist

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academic left is quite congenial to libertarianism. Postmodernists and libertarians appeal to the same audience of highly educated young people, especially those in technology and culture-related enterprises."

Consider his comments about Rosanne Allucquere "Sandy" Stone, a transgendered professor at the Interactive Multimedia Laboratory at the University of Texas at Austin. A postmodern leftist, Stone writes of the liberatory possibilities of the cross-gender, cross-everything, role-playing possible in computer chat rooms. "Now this is fine as far as it goes," Aune writes. "Transgender liberation may be one of the last steps in the fulfillment of the liberal project: the removal of all artificial barriers to participation in the public world."

But in the end, he disapproves: "The seemingly boundless variety of 'lifestyle choices' and the seemingly boundless plasticity of the human body itself are but variations on the traditional libertarian capitalist theme of the individual being left free to maximize utility in any way that does not infringe on other individuals' comparable freedom. The message of the transgendered cultural radical Sandy Stone is essentially the same as that of the conservative economists Milton Friedman and Deirdre McCloskey: liberty means unlimited self-expression in rhetoric and other forms of cultural performance. The new technologies liberate the self, not the community."

Make no mistake: Aune has gotten the essential points quite right. The technological innovations—and the general increases in wealth—fostered by markets allow for all manner of self-expression and self-invention, much of it a direct challenge to propriety and tradition. Given that, there is something confused in Aune's language: Perhaps there really isn't much "conservative" about free-market economists after all. To his credit, Aune realizes that the widely held assumption that libertarianism is a movement of the right is a bit off the mark. Yet he also thinks that inasmuch as libertarianism is seen as a part of the right, it is the place where the left should aim its attacks. Libertarianism is a weak point in the right, Aune says, since its tenets are disagreeable to the right's dominant traditionalist wing; libertarianism thus represents "an irrepressible opportunity to give the right a much-deserved shove."

Such thinking, however, leaves Aune tied up in ideological knots. Since libertarians question the benefits of so many supposedly successful, or at the very least constitutive, elements of our modern world—"progressive" institutions such as public education, labor unions, and the welfare state—Aune says libertarians are "inherently at odds with the real world." They are, you know, kind of crazy and must be stopped. Though he professes he is a socialist—once upon a time a radical stance—his arguments against free-marketeers end up being inherently anti-radical. In the end, Aune himself embraces a form of conservatism, dismissing out of hand those who dare dream of a social world different in important respects from the one we live in.

However unsuccessful it is on its own terms, Aune's book is an interesting sign of a new and growing ideological division. This division has less to do with standard right-left political lines and more to do with questions regarding the individual and her relationship to the community. Thinkers of both the conservative right and the socialist left can join hands to shout a ringing "Nay!" to the unbridled, empowered individual—in the name of tradition and religion for the rightists, in the name of community and democracy for leftists.

Perhaps most interesting in Aune's case is that he, the partisan of community and democracy over liberty, thinks it necessary to pretend he is on the run. This might be nothing more than the typical ideologue's indulgence in delusions of persecution and delight in the adrenaline rush that comes with imagining all the forces of the world arrayed against him. (This attitude, to be sure, can be found in the left, right, and libertarian segments of the political spectrum.)

But perhaps Aune has presciently seen that an unholy alliance between what has long been understood as the "libertarian right" and "postmodernist left" is actually approaching cultural dominance. ◆

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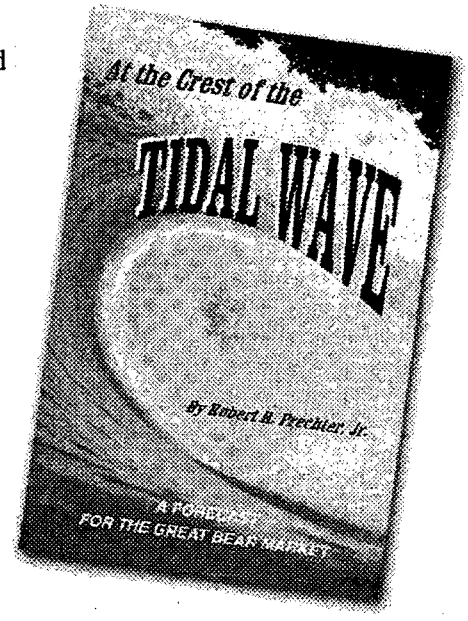

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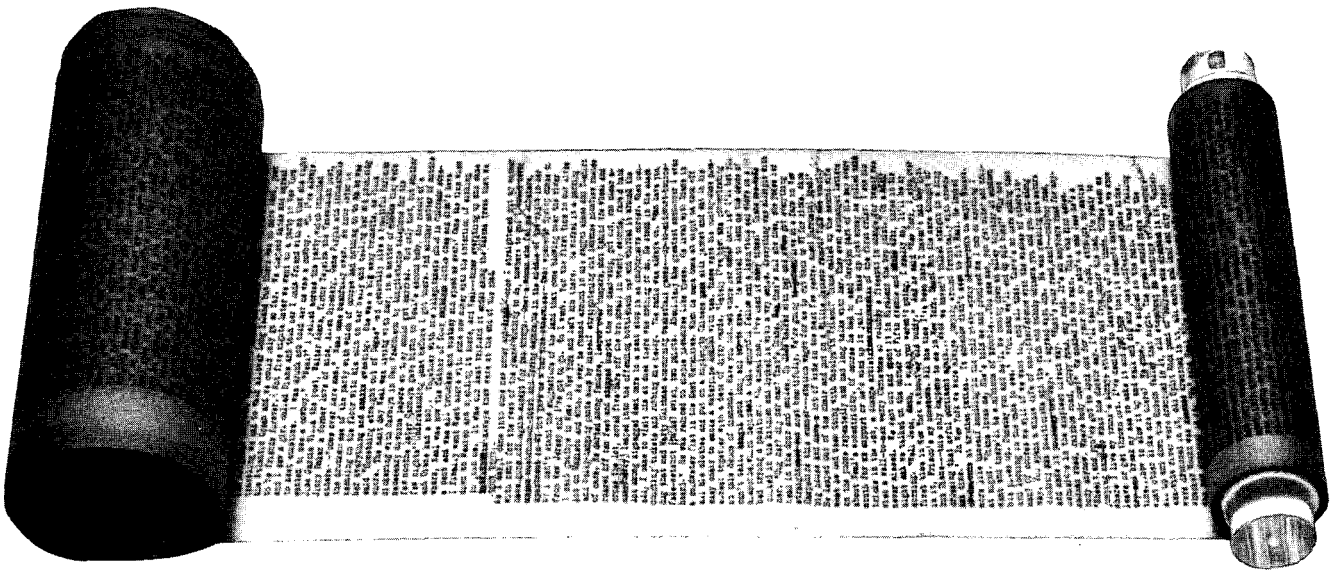

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Above is America's most famous manuscript: Jack Kerouac's continuous, 120-foot-long typescript for his 1957 classic *On the Road*, auctioned by Christie's in May. According to Beat folklore, Kerouac wrote the novel in a three-week white heat, fueled by benzedrine, coffee, and pea soup. Taping long sheets of paper together to avoid interruption, Kerouac sought to celebrate Romantic intensity not only in his work, but by his method as well.

The scroll has attained near-mythic status, with many versions of its history and even many claims about its material (tracing paper? teletype paper? oilskin? shelf paper?). It is a central exhibit of midcentury American culture, a period that scholar Daniel Belgrad has termed "the culture of spontaneity."

Shake Kerouac's great scroll, and out falls a succession of improvisational innovators: dancers like Merce Cunningham, painters like Jackson Pollock, bebop hipsters, Zen potters, perhaps even the New Left political theorists who argued that ideas emerged from action, rather than the other way around.

Kerouac, as it happens, disliked the cultural left that so embraced his work. Now, biographer Douglas Brinkley, currently examining the writer's archives, is arguing that *On the Road* was less spontaneous than people think. When Kerouac wrote, he was working from carefully arranged plans and notes. Yet a writer's notes are only potential choices, like the network of highways that offered Kerouac's own characters exits to their fate, on their roads to their tech-enabled nirvanas.

—Charles Paul Freund

Two Good Reasons for a Tax Cut

David R. Henderson is a research fellow at the Hoover Institution and an economics professor at the Naval Postgraduate School.

President Bush's proposed tax cut, though small, is a step in the right direction. To put the tax cut in perspective, over ten years it amounts to a cut of only about 1 percent of GDP. Compare that to Reagan's 1981 tax cut that cut taxes by almost 3 percent of GDP. And Reagan did so starting from a budget deficit rather than a surplus.

Unfortunately, Bush and some of his advisers are using a bad argument for a good policy. The reason to cut taxes early, they say, is that the economy is slowing and tax cuts will cause people to spend more. That's a pure "demand-side" argument, the kind that former President Reagan and his advisers rightly dismissed when they advocated the 1981 tax cut. Decades of evidence have shown that the main factor that increases spending is growth in the money supply. If any policy should be used to affect the growth rate of spending, it should be monetary policy.

But we should cut taxes and even more than Bush advocates. Moreover, **taxes should be cut independent of the current growth of the economy.**

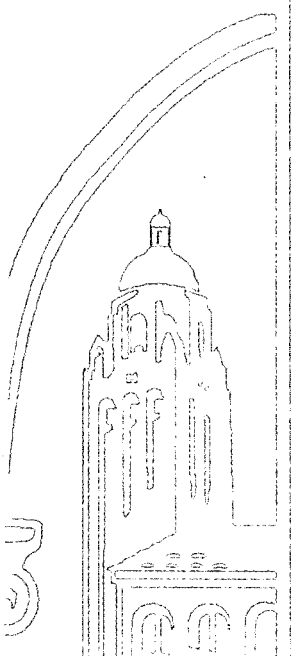
There are two main reasons for cutting taxes. First, the current tax system badly mauls incentives. Take people in the top (39.6 percent) tax bracket. In 1997, these people were only 0.7 percent of taxpayers, but they paid 26 percent of all income taxes. High tax rates cause them to earn less taxable income, not just by working fewer hours but also by taking more pay in fringe benefits and investing in tax-free municipal bonds. The across-the-board cuts in tax rates that Bush proposes would increase everyone's incentive to earn taxable income. When the tax cut is fully implemented, high-bracket taxpayers, for example, will be in the 33 percent bracket. Thus, their after-tax gain from an additional dollar of income rises from 60.4 cents to 67 cents, an 11 percent increase. This was the "supply-side" case made by Ronald Reagan and his advisers when they cut tax rates.

Similarly, cuts in the 15 percent and 28 percent tax rates would increase incentives of lower- and middle-income earners to earn taxable income. This boosts the economy long term and makes tax revenue higher than otherwise. With this feedback effect of the Bush tax cut added in, estimates Harvard University's Martin Feldstein, the feds would lose, not the oft-cited $1.6 trillion but, rather, $1.2 trillion, or less than 25 percent of the anticipated budget surplus.

Some critics of the Bush tax cut claim that it does nothing for lower-income people. But it does cut taxes of everyone who pays federal income taxes. Simple truth: you can't reduce taxes for people paying no taxes.

Which brings me to the more important reason to cut taxes: those **taxes are *our* money,** meaning the money of the people who paid them. If the government keeps the revenue, it will pay down some debt but spend the rest, as it did in the last Congress. We the people need to restrain Congress and the president from spending our money.

— David R. Henderson



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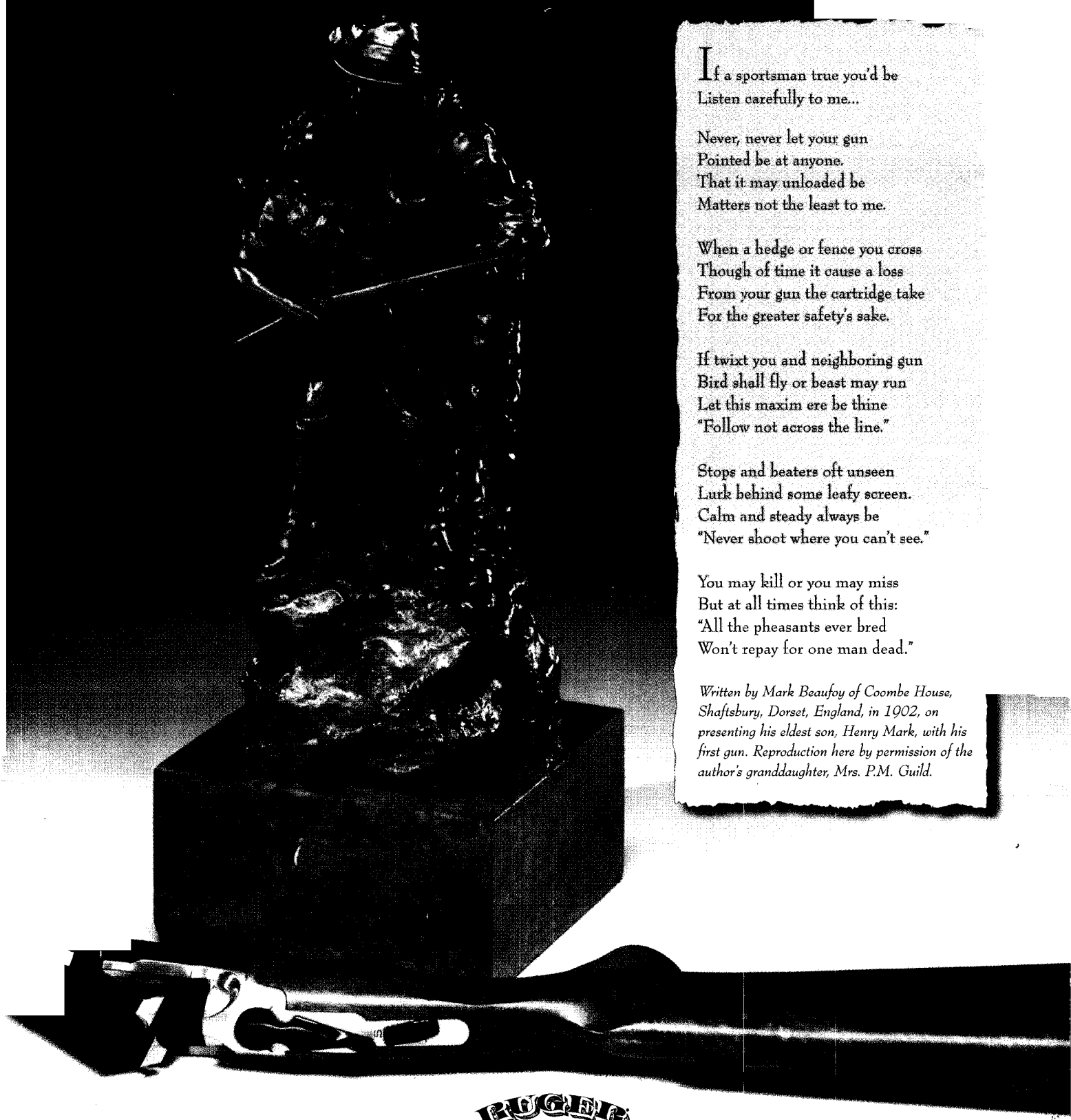

If a sportsman true you'd be
Listen carefully to me...

Never, never let your gun
Pointed be at anyone.
That it may unloaded be
Matters not the least to me.

When a hedge or fence you cross
Though of time it cause a loss
From your gun the cartridge take
For the greater safety's sake.

If twixt you and neighboring gun
Bird shall fly or beast may run
Let this maxim ere be thine
"Follow not across the line."

Stops and beaters oft unseen
Lurk behind some leafy screen.
Calm and steady always be
"Never shoot where you can't see."

You may kill or you may miss
But at all times think of this:
"All the pheasants ever bred
Won't repay for one man dead."

Written by Mark Beaufoy of Coombe House, Shaftsbury, Dorset, England, in 1902, on presenting his eldest son, Henry Mark, with his first gun. Reproduction here by permission of the author's granddaughter, Mrs. P.M. Guild.

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